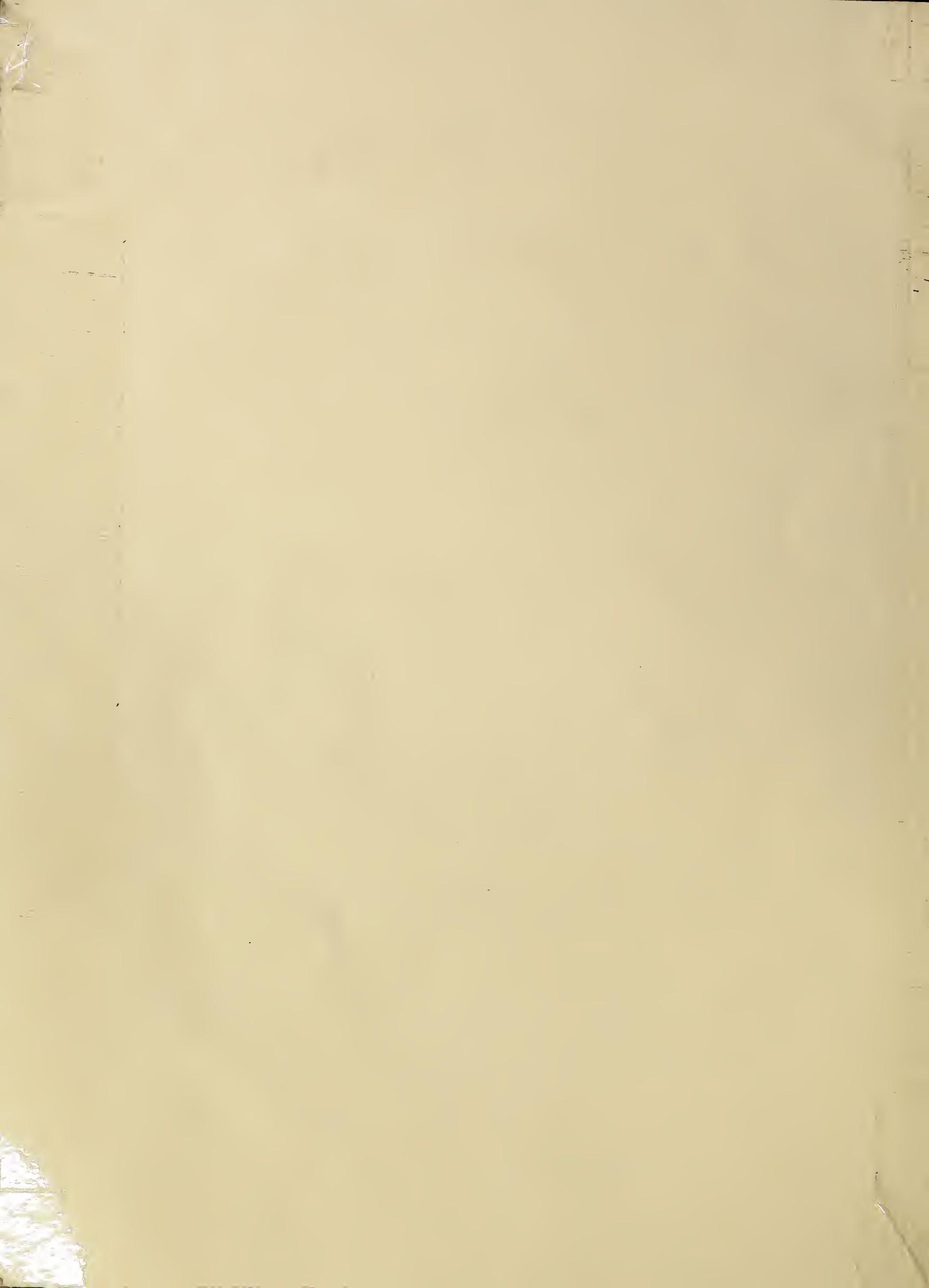


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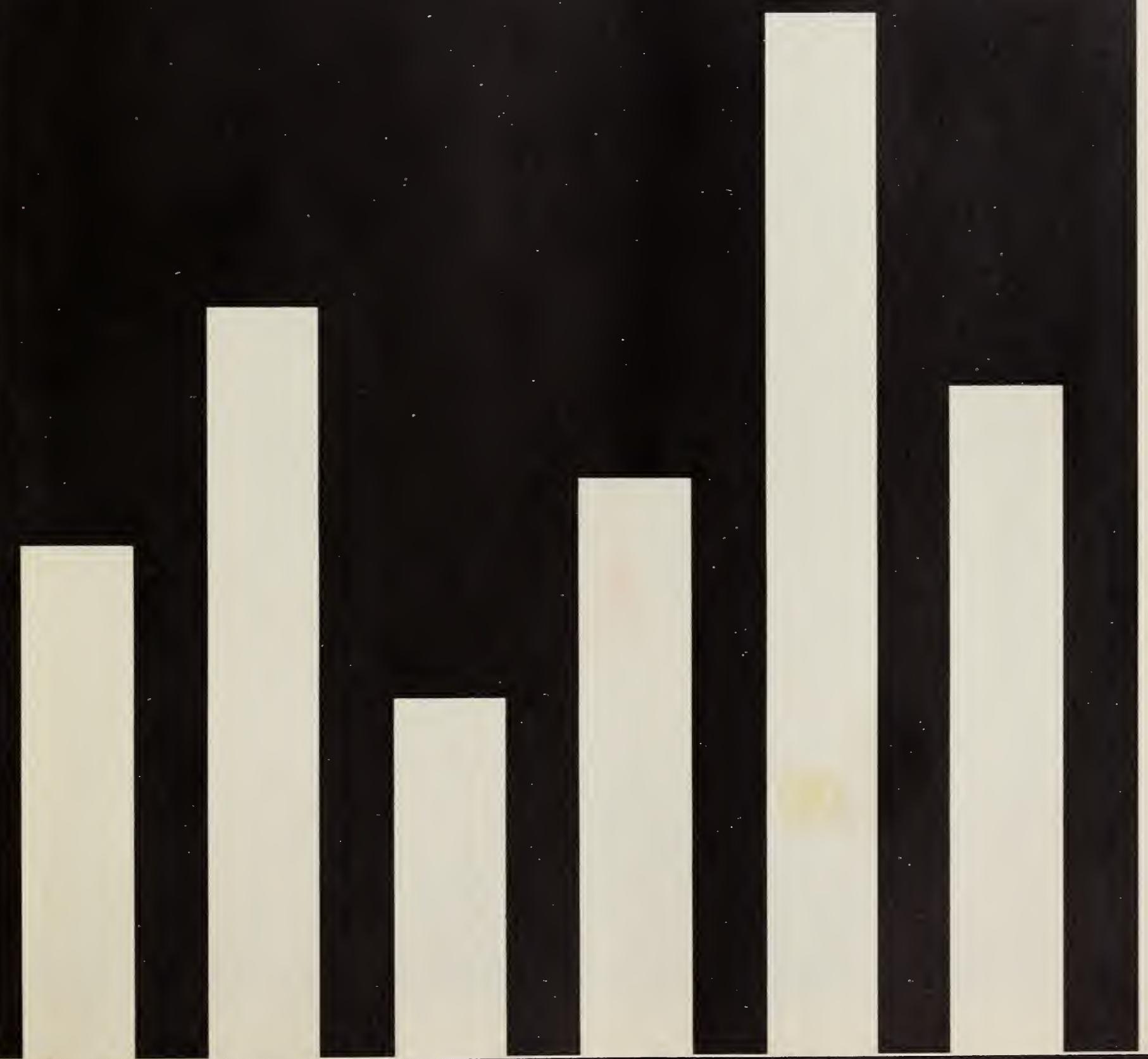


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THE FARM INDEX

ECONOMIC RESEARCH SERVICE • U. S. DEPARTMENT OF AGRICULTURE • NOVEMBER 1966

also in this issue:
Land Poor or Land Rich?
The Green From Growing Greens
Less Milk: More Money
Trading Under the Trade Winds
Food Prices at Home and Abroad



OUTLOOK 1967/Chart story of the year ahead for: Farming, Food, Markets, Prices



economic trends

ITEM	UNIT OR BASE PERIOD	'57-'59 AVERAGE	1965		1966		
			YEAR	SEPTEMBER	JULY	AUGUST	SEPTEMBER
Prices:							
Prices received by farmers	1910-14=100	242	248	249	267	272	270
Crops	1910-14=100	223	232	223	245	241	236
Livestock and products	1910-14=100	258	261	271	285	298	299
Prices paid, interest, taxes and wage rates	1910-14=100	293	321	322	334	335	337
Family living items	1910-14=100	286	306	305	315	317	318
Production items	1910-14=100	262	276	277	285	287	289
Parity ratio		83	77	77	80	81	80
Wholesale prices, all commodities	1957-59=100	—	102.5	103.0	106.4	106.8	106.8
Commodities other than farm and food	1957-59=100	—	102.5	102.7	105.2	105.2	105.1
Farm products	1957-59=100	—	98.4	99.5	107.8	108.1	108.7
Food, processed	1957-59=100	—	105.1	106.7	111.7	113.8	114.0
Consumer price index, all items	1957-59=100	—	109.9	110.2	113.3	113.8	—
Food	1957-59=100	—	108.8	109.7	114.3	115.8	—
Farm Food Market Basket: ¹							
Retail cost	Dollars	983	1,042	1,050	1,099	1,121	—
Farm value	Dollars	388	409	412	445	460	—
Farm-retail spread	Dollars	595	633	638	654	661	—
Farmers' share of retail cost	Per cent	39	39	39	40	41	—
Farm Income:							
Volume of farm marketings	1957-59=100	—	119	140	111	116	137
Cash receipts from farm marketings	Million dollars	32,247	39,187	3,887	3,279	3,515	4,133
Crops	Million dollars	13,766	17,334	1,898	1,409	1,334	1,933
Livestock and products	Million dollars	18,481	21,853	1,989	1,870	2,181	2,200
Realized gross income ²	Billion dollars	—	44.9	45.5	—	—	49.8
Farm production expenses ²	Billion dollars	—	30.7	30.9	—	—	33.8
Realized net income ²	Billion dollars	—	14.2	14.6	—	—	16.0
Agricultural Trade:							
Agricultural exports	Million dollars	4,105	6,229 ³	485	491	571	—
Agricultural imports	Million dollars	3,977	4,088 ³	354	343	353	—
Land Values:							
Average value per acre	1957-59=100	—	139	139 ⁴	150 ⁴	—	—
Total value of farm real estate	Billion dollars	—	159.4	159.4 ⁴	171.1 ⁴	—	—
Gross National Product: ²							
Consumption ²	Billion dollars	457.3	681.2	686.5	—	—	746.0
Investment ²	Billion dollars	294.2	431.5	435.0	—	—	470.0
Government expenditures ²	Billion dollars	68.0	106.6	106.7	—	—	116.0
Net exports ²	Billion dollars	92.4	136.2	137.7	—	—	155.3
2.7	7.0	7.1	—	—	—	—	4.7
Income and Spending: ⁵							
Personal income, annual rate	Billion dollars	365.3	535.1	552.5	580.0	585.4	589.5
Total retail sales, monthly rate	Million dollars	17,098	23,662	23,753	25,362	25,657	25,554
Retail sales of food group, monthly rate	Million dollars	4,160	5,577	5,586	5,924	5,958	—
Employment and Wages: ⁵							
Total civilian employment	Millions	64.9	72.2	72.3	74.1	74.3	74.2
Agricultural	Millions	6.0	4.6	4.4	4.1	4.2	4.0
Rate of unemployment	Per cent	5.5	4.6	4.4	3.9	3.9	3.8
Workweek in manufacturing	Hours	39.8	41.2	41.0	41.0	41.4	41.4
Hourly earnings in manufacturing, unadjusted	Dollars	2.12	2.61	2.63	2.71	2.70	2.74
Industrial Production: ⁵							
Manufacturers' Shipments and Inventories:	1957-59=100	—	143	144	157	158	158
Total shipments, monthly rate	Million dollars	28,745	40,279	40,173	44,327	44,076	—
Total inventories, book value end of month	Million dollars	51,549	68,015	66,267	72,958	74,100	—
Total new orders, monthly rate	Million dollars	28,365	41,023	41,483	45,625	44,648	—

¹ Average annual quantities of farm food products purchased by urban wage-earner and clerical-worker households (including those of single workers living alone) in 1960-61—estimated monthly. ² Annual rates seasonally adjusted third quarter. ³ Preliminary. ⁴ As of March 1. ⁵ Seasonally adjusted.

Sources: U.S. Dept. of Agriculture (Farm Income Situation, Marketing and

Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Dept. of Commerce (Current Industrial Reports, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Dept. of Labor (The Labor Force and Wholesale Price Index).

COMMODITY HIGHLIGHTS

The 1966 feed grain crop, although the second largest of record, is expected to fall below total requirements in 1966/67. Thus, the carryover at the end of 1966/67 would be reduced further, continuing the downward trend of recent years. This year's supply, estimated at 205 million tons, is about 5 per cent below 1965/66 and 7 per cent below the 1960-64 average. With the smaller supplies and continued strong demand, feed grain prices this year probably will average somewhat above those of the last two years, with the greatest difference during the fall and winter months.

Milk production in 1967 is forecast slightly above the $121\frac{1}{2}$ billion pounds in prospect for 1966, but still well below the 125.1 billion pounds produced in 1965. Milk cow numbers likely will decline at a lesser rate in 1967 than in 1966 and the decline is expected to be offset by gains in milk output per cow. Milk prices to producers in 1967 are expected to average higher than in 1966; the gain will be less than the estimated 14 per cent rise from 1965 to 1966. The present dairy price support level of \$4.00 per 100 pounds for manufacturing grade milk will be continued until March 31, 1968. Cash receipts are expected to rise in 1967 from the record level of \$5.7 billion now in prospect for 1966.

Exports of unmanufactured tobacco in 1966 may be around 525 million pounds (about 600 million farm-sales weight)—more than an eighth above 1965. In the year ending June 30, 1967, exports are likely to increase substantially from 1965/66. Exports of flue-cured—accounting for approximately four-fifths of the total—are expected to exceed 1965/66 by a sizable margin.

This year's production of flue-cured and burley—the big volume cigarette tobaccos—is below anticipated 1966/67 domestic use and exports. Consequently, carryovers at the start

of the 1967/68 marketing year will decline for the second successive year from their record 1965/66 levels.

A sharp drop in cotton production this year—combined with large cotton exports and domestic use—points to a significant reduction in U.S. cotton stocks. By next August, stocks may be down $3\frac{3}{4}$ million bales from the record high of nearly 17 million bales on August 1, 1966.

Factors contributing to large U.S. exports of cotton include an expected sharp consumption increase in foreign free world countries, due in part to a lower level of world cotton prices; increased imports of cotton by communist countries from foreign free world countries; and prospects for little change in world production.

Although U.S. wool production in 1967 will be about the same as in 1966, domestic prices likely will follow the trend in world prices and average slightly higher than this year. Even with the high level of U.S. domestic demand, higher wool prices relative to man-made fiber prices are expected to result in lower apparel wool consumption in 1967.

A record 1966/67 U.S. citrus crop is in prospect. Orange production in Florida, where groves have shown rapid recovery from the effects of the severe December 62 freeze, is expected to be up sharply and will account for much of the overall increase. Supplies of both fresh and processed citrus items will likely be up substantially from last season and prices will trend lower.

Supplies of canned deciduous fruits this winter are expected to be moderately larger than a year earlier mainly because of larger packs of peach and pear items. Total supplies of dried fruits and edible tree nuts may not be greatly different from last season's levels.

*The price per acre
is just the beginning
when a farmer estimates
his probable return
from added acreage.*



LAND POOR OR LAND RICH?

Will another quarter section of land bring in more money than expenses?

The answer depends on some easy and some not-so-easy estimates:

- The cost of the land.
- Allotments that go with it.
- Production costs.
- Future prices for farm output.
- Expected yields.
- Extra labor and machinery needed.
- Expected rate of return on the investment in land.

Here's one method for eliminating some of the guesswork. Though it won't make the decision for the farmer, it can help narrow the range of questions.

The figures apply to one area in north central North Dakota and are based on 1965 costs and prices. In that year, the average price of land in the state was \$68.50 an acre, up nearly a third from

prices six years earlier—in 1959.

A farmer, thinking about buying an extra 160 acres, might split up the acreage like this: 40 acres for wheat on fallow; 10 acres for barley on fallow; 23 acres for barley after another crop; 50 acres for summer fallow, including diversion; and 37 acres for oats or flax.

To work out the value of the land, the farmer needs to estimate his production costs and yields. The costs include such direct operating costs as seed, fertilizer, chemicals, fuels, lubrication and repairs. Machinery costs would be a separate item.

By listing the expected yields per acre for different crops, matching them against current prices, the farmer gets an idea of what his returns might be. In working out the situation for the North Dakota farms, prices have been set at three levels: at the level of 1965 wheat and feed grain programs; to a level where all grain prices were 10 per cent below the 1965 level; and to 20 per cent below the 1965 level.

The cost of owning the ma-

chines ranges from \$3.00 to \$5.00 an acre. The cost includes depreciation, interest on investment, personal property taxes, insurance and housing for the machines. The range in costs, typical of this North Dakota region, varies with the size of the farm and the ability of the farmer as manager. In general, the larger the farm, the lower the per acre cost of owning the machine.

Using the North Dakota figures, receipts for the additional 160 acres amount to \$2,854.24. Direct operating costs are \$1,272.29. Thus, returns above operating costs work out to \$1,581.95, or \$9.89 per acre. Since current land taxes amount to \$1.00 an acre in the area, net returns are \$8.89 after payment of operating costs and land taxes. These calculations are on the basis of 1965 prices.

If prices are estimated at 10 per cent below 1965 levels, net returns are \$7.10. At 20 per cent below the 1965 levels, returns are \$5.31 an acre.

The above calculations take into account the cost of operating machinery, but not the cost of owning it—in other words, such machinery costs as depreciation, taxes, insurance and housing. For example, if the cost of owning machinery is set at \$3.00 per acre, returns would fall to \$5.89 per acre on the basis of 1965 prices and to \$2.31 at prices 20 per cent below 1965.

As the table indicates, to get a 5½ per cent return on the money invested in the land, a farmer could pay no more than \$107.09 an acre at 1965 price levels. This latter figure is the result of dividing \$5.89 by .055. This purchase price is based on the most favorable assumptions. By contrast, if the cost of owning machinery averaged \$4.00 an acre, the most the farmer could pay for additional land would be \$88.91 an acre.

And if machinery costs were \$3.00 an acre, but the farmer assumed prices for his crops would

be 20 per cent below 1965 levels, he could afford to pay only \$42.00 an acre for the land.

Similarly, the farmer who wants 6 per cent back on his investment in the land would be able to pay only \$98.17 an acre, with the assumptions of 1965 price levels and \$3.00 an acre machinery ownership costs.

Of course, future sales value of land as well as the outlook for future costs and returns would have to be taken into consideration. A piece of property with a low value today might well be a good investment tomorrow. (1)

Knowing Neighbors Helps Operator When He Wants to Sell Property

About half the farmers who sell their property go out and find their own buyers — especially when the acreage involved is small.

Many transactions of this sort are between neighbors and involve only parts of farms. In other cases, the sale is between residents of the same community who can negotiate between themselves.

Brokers usually handle the larger properties—larger in acre-

age and total price. Reason: The seller wants to expose his property to a broader market than is available locally.

This is true especially when the property has potential value for nonfarm uses. Investors from the larger cities are sought. This is evident from the relatively high participation of brokers in the Florida and California markets.

Brokers handle the highest percentage of sales in the specialty-crop areas of California (central and southern California with their citrus and fruits). Here realtors handle 73 per cent of sales. Ranking lowest in broker participation are the spring wheat areas of Montana and North Dakota and the Southeast's cotton and tobacco areas. Only one area sale in three is made by brokers.

The number of voluntary transfers averages about 90,000 farms and parcels annually for the country. In addition, 30,000 more properties change hands in estate settlements annually. Brokers are involved in about half of these 120,000 transactions. (2)

Bigger the Farm, Cheaper the Horse (Power) Required to Keep It Running

How many horses does it take to run a farm? Or stated another way, how much tractor horsepower (hp.) does a farmer need to take care of land and livestock?

ERS economists with the North Dakota Agricultural Experiment Station recently conducted a study of the need for tractor power and its cost as related to farm size in the southwestern portion of the state. The farms surveyed ranged in size from 230 to 3,040 acres of cropland and most of the farms also had livestock enterprises.

Total tractor power on these farms averaged about 120 hp. for a typical farm of 765 acres of cropland. For each additional 100 acres of cropland farmers generally added another 6 hp.

Adding livestock to a farm also

WHAT IS THE EXTRA LAND WORTH? It depends on the price a farmer expects to get for the crops on the additional acres, the estimated additional operating costs and taxes, the cost of owning any additional machinery and the rate of return he wants on his investment. The table indicates capitalized land values given different sets of assumptions. Land values range from a high of \$107.09 per acre, under the most favorable assumptions, to a low of \$5.16 an acre. The figures are based on farming practices and conditions in 1965 in north central North Dakota. They assume a purchase of 160 acres, all tillable, to be used as follows: Wheat on fallow, 40 acres; barley on fallow, 10 acres; barley after another crop, 23 acres; summer fallow (including diversion), 50 acres; and oats or flax, 37 acres.

Costs and returns	Estimated cost per acre of owning machinery	When product prices are estimated:		
		At 1965 levels	10 per cent below 1965	20 per cent below 1965
	Dollars	Dollars		
Net returns per acres after payment of:				
Operating costs* and land taxes	—	8.89	7.10	5.31
plus machinery ownership costs	3.00	5.89	4.10	2.31
	4.00	4.89	3.10	1.31
	5.00	3.89	2.10	.31
Land values per acre at:				
5½ per cent net return	3.00	107.09	74.55	42.00
	4.00	88.91	56.36	23.82
	5.00	70.73	38.18	5.64
6 per cent net return	3.00	98.17	68.33	38.50
	4.00	81.50	51.66	21.83
	5.00	64.83	35.00	5.16

* Including operating costs for machinery.

boosted tractor power needs. The economists estimated that each additional beef cow required 0.2 hp.; each dairy cow or feeder calf, 0.4 hp.; and each ewe, 0.04 hp. This means that adding 50 beef cows and 20 ewes would require approximately 130.8 hp. on a typical farm of 765 acres of cropland.

From these data and with information on costs of tractors in the area, a rough estimate of the average investment in tractors per farm and per acre was also possible. The average investment in tractors was about \$4,717 per farm in the spring of 1964, or about \$39.64 per engine horsepower. As farm size increased, investment in tractor power per farm also increased, but dollar investment in tractors per acre declined sharply. For example, farms of 1,200 acres of cropland had about \$427 invested in tractors per 100 acres of cropland, compared with \$1,366 for farms with 200 acres of cropland. (3)

More Cows in Herd Tip Wisconsin's Milk Pails Toward Greater Profits

More milk from his cows is what any dairyman wants. But as a businessman he wants more money from his farm.

High production levels per cow alone won't do it. He needs a herd that's big enough to keep unit costs to a minimum.

A study of 24 Wisconsin dairy farms—without any other enterprise—indicates that the size of the enterprise is as important as the quality of the herd.

The study was conducted by the Wisconsin Agricultural Experiment Station in cooperation with the Economic Research Service.

Two groups of dairy farms—half with above-average herds, half with below-average—averaged 62 cows per farm. The top quality group averaged 2,870 pounds of milk per cow more than the lower group. Each cow in the first group resulted in \$100 of

income per year more than cows in the low-productivity group.

But quality carries a price tag. The above-average farms had bigger investments, higher fixed costs and higher variable costs. As a result, net income per cow was only \$16 more for the top group than for the below-average group.

In fact, several farms in the lower group could boast higher net incomes because of lower costs.

The size of the enterprise also tips the scale in the direction of greater profits.

Investment per cow goes down as the size of the herd goes up and so do labor requirements.

For instance, when the Wisconsin herds were doubled in size, investment per cow dropped from \$2,260 to \$1,580.

Also, it took two men—including the operator—to run a 40-cow herd. But a herd twice the size could be handled with only half again as much labor.

Of course, the ideal combination is high quality in a large herd.

The total cost of producing milk was \$2.80 per hundredweight (cwt.) on a 110-cow dairy with an average of 14,000 pounds per cow. Costs were \$3.74 for the smallest herds with the lowest level of productivity. These costs include a charge for all labor of \$1.00 per hour and an interest charge on all farm capital of 5 per cent.

The average net price of milk during the study was \$3.54 per cwt. (4)

Better Pasture Means Bigger Profits For Farmers in Texas Coast Prairie

Rotating riceland with pasture for cattle grazing is standard practice for farmers in the central coast prairie of Texas. But many farmers in the area devote little or no attention to their riceland when it is in pasture. If they did, they might find that a little extra care given to forage produc-

tion often yields big profits.

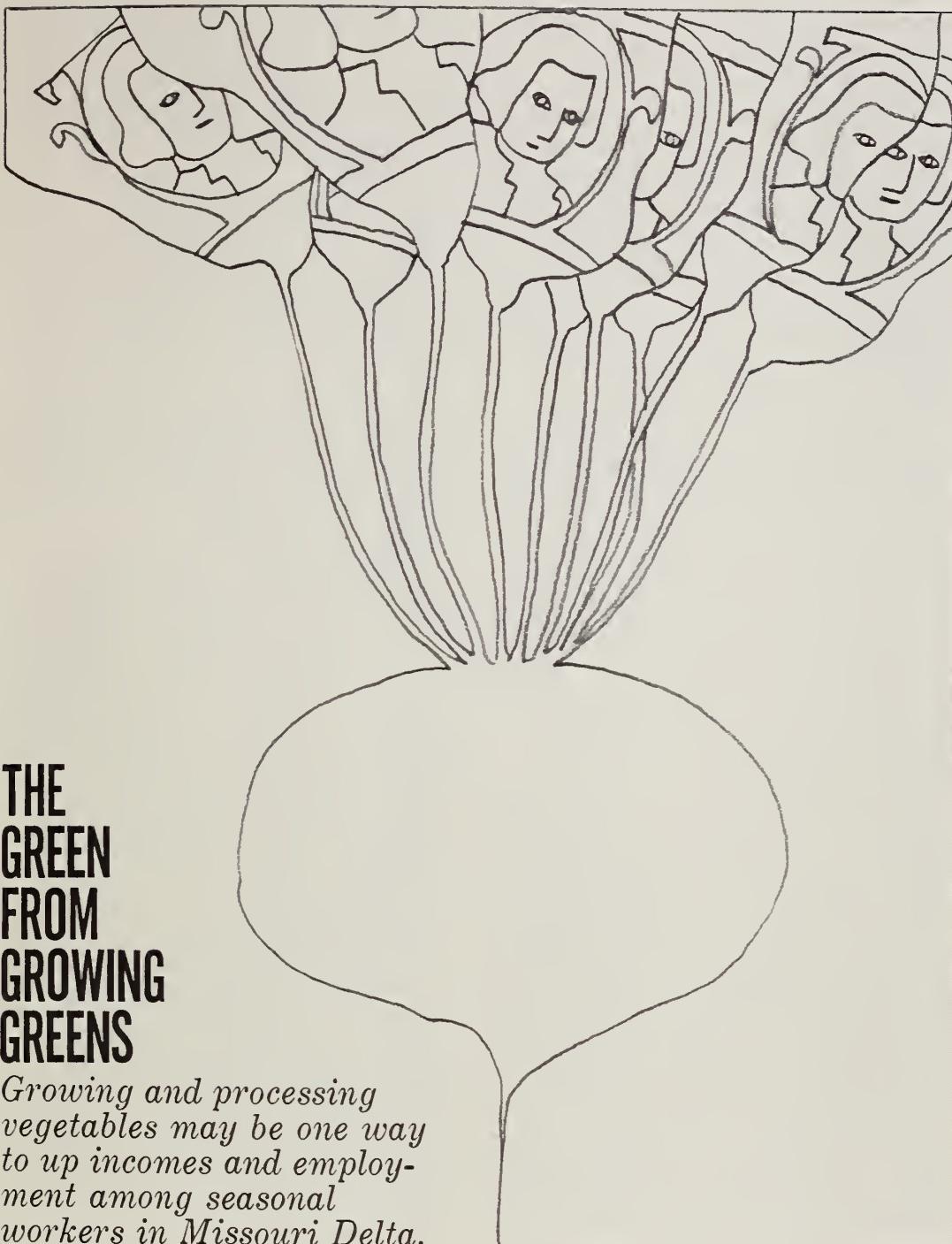
Economists in the Economic Research Service and the Texas Agricultural Experiment Station recently surveyed 212 rice-cattle farms in the coast prairie. They found that rice rotated with moderately improved pasture could boost farmers' incomes by as much as \$11,000 over returns from rice rotated with unimproved pastures.

Not too much extra effort would be required to net these higher returns. Generally, overseeding Gulf ryegrass or a mixutre of S-1 grass and/or Dallisgrass in the rice stubble was a reasonably good way to get a good stand of forage. It also reduced the time to shift from rice to pastureland.

On moderately improved pastures, coast prairie farmers could feed three times the number of cows on a given acreage than they could on unimproved native grass pastures. However, expanding the size of their herds would boost the capital requirements for the rice with improved pasture rotations. The economists figured that farmers would need to invest just about twice as much money in a rice-improved pasture rotation to realize the highest possible returns as they would need to invest in a rice-unimproved pasture rotation.

However, improved pastures would also boost returns from rice enterprises in the coast prairie. Nearly half of the extra \$11,000 in income resulted from higher rice yields per acre following improved pasture.

On a per acre basis, estimated returns to land and management averaged about \$116 per acre of rice and \$34 per cow for the rice-unimproved pasture rotations. For the rice-improved pasture rotations, returns per cow would be slightly lower, only about \$32, as a result of the additional costs for improved pastures. But herds would be much larger and the per acre returns for rice would rise to about \$129. (5)



THE GREEN FROM GROWING GREENS

Growing and processing vegetables may be one way to up incomes and employment among seasonal workers in Missouri Delta.

Cotton is the Missouri Delta's No. 1 cash crop—and growing it is the major occupation of most area farmers. Cotton used to provide most of the jobs for seasonal workers, too—until cutbacks in acreage and mechanized pickers sharply reduced farm labor needs.

Recently economists in ERS and the Missouri Agricultural Experiment Station made an economic analysis of the area to see what fruit and vegetable enterprises could be introduced or expanded to help take up some of the slack in employment.

The Missouri Delta is the small protrusion or "Boot Heel" on the

southeast tip of Missouri along the Mississippi River. With an abundance of level land, water and seasonal labor, the Delta is well suited to commercial vegetable production. Small amounts of vegetables have, in fact, been grown in the region for a number of years—but production has generally been for the fresh market. Researchers therefore looked at the potential for processing.

Green beans, lima beans, leafy greens (such as spinach, mustard, kale, collards and turnips) and southern peas were best suited to present production patterns and future processing needs.

A modern, low cost processing plant (either freezing or canning) would require about 8,700 tons of raw produce to operate profitably. With the yields expected in the area, it would take about 8,100 acres to produce this amount. But all of the suggested vegetables could be double cropped with wheat, soybeans or another vegetable—which means only about one-half of this acreage would be needed for growing vegetables at one time.

Growing the necessary raw produce for canning or freezing would increase gross and net farm income for the entire area by about \$595,000 and \$75,000, respectively. In addition, the 8,100 acres of vegetables would require approximately 102,000 hours of seasonal labor in irrigating, harvesting, hauling and other activities.

At the 1964 farm wage rate of 60 cents an hour, this would add \$61,200 of annual income for the seasonal day laborers. Much of the labor for vegetable crops is needed after cotton chopping ends; consequently workers could find jobs over a much longer season.

With a raw product output of 8,700 tons of vegetables, the region could supply at least one processing plant.

A modern, low cost canning plant could be built in the area for about \$700,000; operating capital requirements would run about \$850,000.

Annual output of the canning plant would be about 966,000 case equivalents of 24 No. 303 cans. The canning plant, with an annual payroll of \$244,000, would need to employ 86 seasonal laborers and 18 full-time employees, including management. Net profit after taxes would be close to \$57,000.

A freezing plant would involve a greater capital outlay: about \$1.5 million for buildings and equipment and \$1.2 million for operating expenses. Annual output would be about 14.5 million

pounds of processed vegetables. The freezing plant would need to employ approximately 60 seasonal laborers and 33 full-time employees, including management, with an annual payroll of \$259,000. Net profits would be about \$127,000. (6)

Young People Who Take Road Out Of Ozarks Often Wind Up at Dead End

Get the people out? Or bring the jobs in?

These are the poles of disagreement in the debate over how best to develop such economic backwaters as the Ozarks.

The Ozark Region, which takes in parts of Arkansas, Missouri and Oklahoma, typifies bypassed parts of rural America. Too much of its labor force has only scant education, out-of-date skills. Industry has been reluctant to move in and employ such workers.

On the surface, the problem might seem simple, the solution automatic. The kids grow up and they move out. The lack of economic opportunity in the Ozarks encourages them to settle elsewhere. Indeed, between 1950 and 1960, the rate of outmigration was as high as 60 per cent in the younger age brackets.

But migration alone solves few longstanding problems, creates some new ones.

As an area's youth move away, they leave behind a disproportionate number of the very old and the very young—the least productive members of society. At the same time, the young adults take with them part of the area's tax base. Thus the cost of social services is an increasing burden on those who remain.

But the young adults who do move away too often carry their poverty with them. In 1960, one out of 10 adults in the Ozarks was classified as a functional illiterate—someone with less than five years of schooling. Their ability to cope with our technical society

is rudimentary at best. The road out of the hills can come to a dead end in the city slum.

An alternative to the outmigration of people is the immigration of jobs. Such an alternative calls for an active effort to develop the economic resources of the Ozarks and other bypassed regions, to improve the level of educational facilities and to bring at least a degree of industrialization to a predominantly rural area.

And Congress has recently provided the underdeveloped regions of our nation with a new tool to help them break out of this trap of poverty. It is the Public Works and Economic Development Act of 1965. The act extends the kind of assistance formerly available to communities through the Area Redevelopment Administration, but the emphasis has changed.

The program is constructed around the concept of "growth centers." It works on the theory that it is better to concentrate new schools, hospitals and industrial parks in a few growing centers within commuting distance of most of the population than it is to spread public investment thinly over a larger number of areas.

So used, the funds may have a bigger impact on the local economy. They stand a better chance of stimulating other business development within the area served by the growth center resulting, in the end, in economic opportunity that expands into the wider rural community. (7)

Working Together Results in Mutual Benefits in Flood Control Project

The frequent floods are a thing of the past. Production of beef cattle has doubled in five years. And the city has much more water in its two lakes, helping to serve a minor boom in local industry.

Everyone benefited; everyone contributed.

The everyone in the story is the farm and city population around

Duncan, Okla. Their contribution was to a flood control project for the Upper Wildhorse Creek Watershed—a 110,136-acre area of rolling hill country and bottomland farms.

ERS economists, studying the impact of the watershed project on the agricultural and business economy of the area, have underscored the major benefits of the work.

In order to finance the 22 dams and other control structures, the community put together funds to match the contribution of the federal government.

Downstream landowners, for example, paid \$5 a benefited acre, for a total of \$22,000. Businessmen in Duncan raised a \$63,000 trust fund on their personal notes. Together, these funds about equaled the average annual flood damage, estimated at \$87,000.

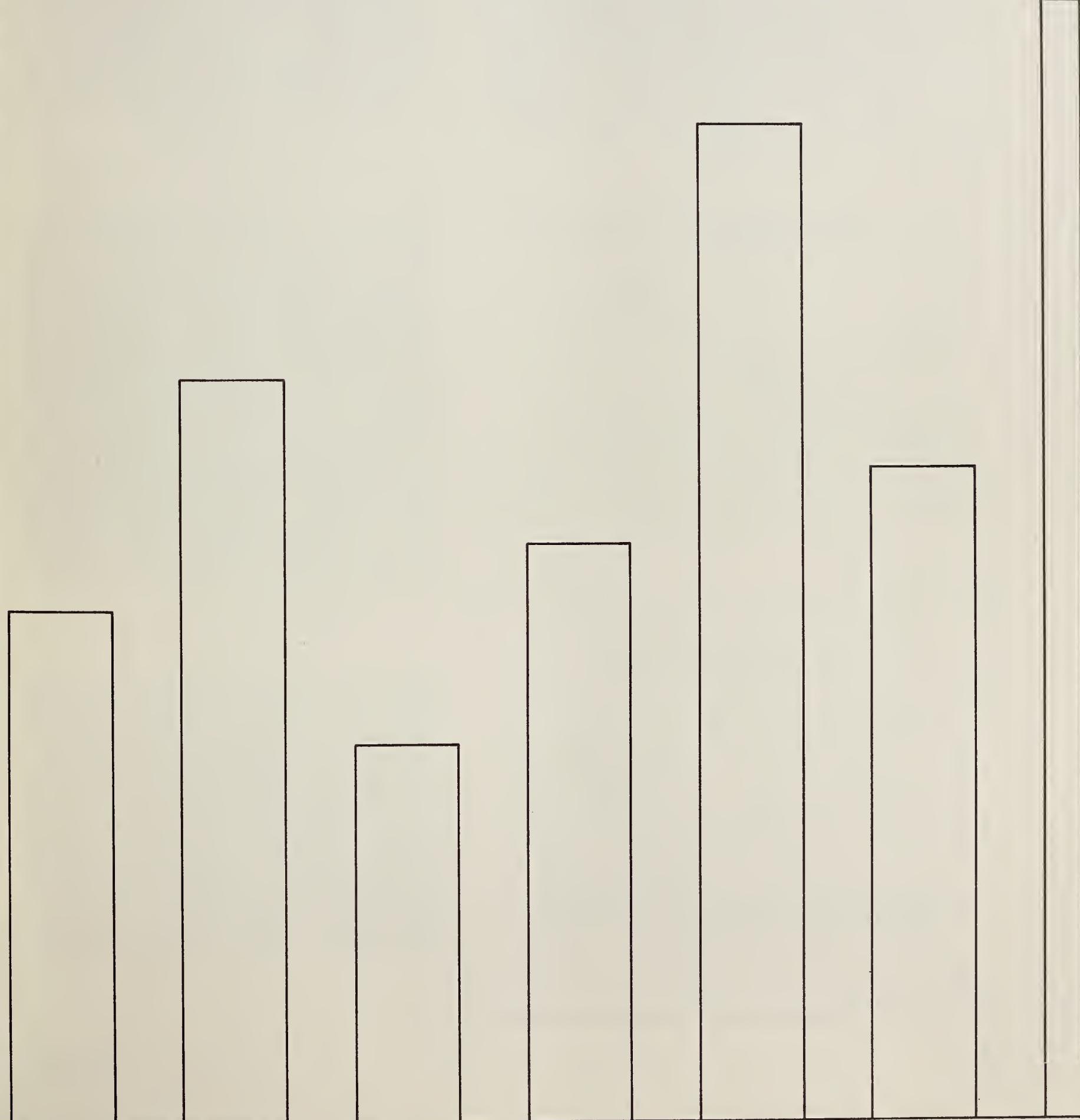
Since 1960, when the work was completed, both agriculture and industry have seen noticeable improvements.

Now that rich bottomland acres are relatively immune from flood damage, the general pattern of crops has changed. There are fewer acres of cotton, more of prairie hay and alfalfa. The production of beef cattle has nearly doubled, with 63,900 head in the area in 1964.

With two bigger lakes the city has storage capacity to provide ample water not only for general needs but for the growth of industry.

Also, the lakes provide recreation sites for the entire area. The city itself invested \$50,000 in recreational facilities, while individuals have added over a half million dollars to the area's economy in the form of cabins, docks and so forth. (8)

The Chartbook Supplement which follows on the next eight pages can be removed from the INDEX and used separately.



FARM FORECAST '67

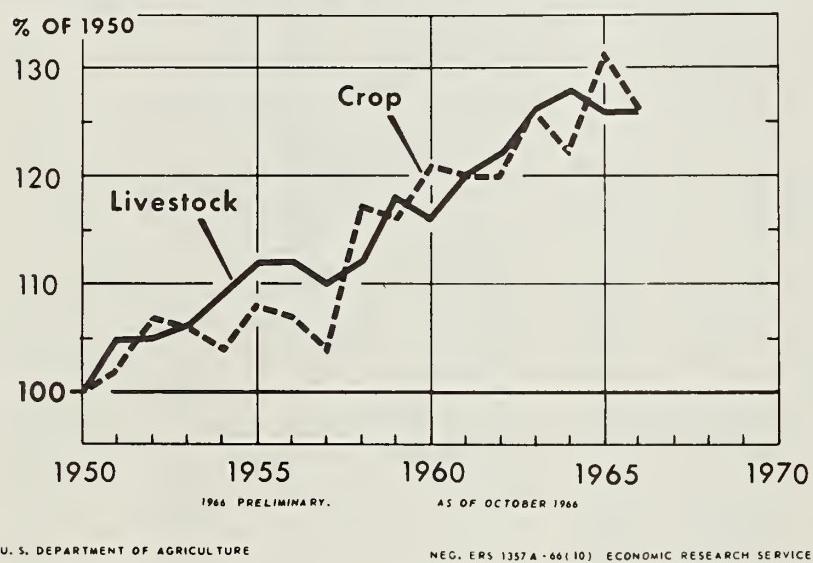
Farmers can look forward to another good year in 1967, though realized net income may not quite measure up to the near-record level of 1966. Realized net income of farm operators in 1966 has been estimated at around \$16 billion—\$2 billion above the \$14 billion reported for 1965. As agriculture moves into 1967, larger supplies and lower prices are indicated for hogs, poultry and eggs. Some 25 to 30 million diverted acres are expected to return to production in 1967. With average growing conditions, larger crops in 1967 may result in lower average prices for some crops. But with further increases indicated in domestic demand and exports, gross farm income is expected to be well maintained.

How to Order

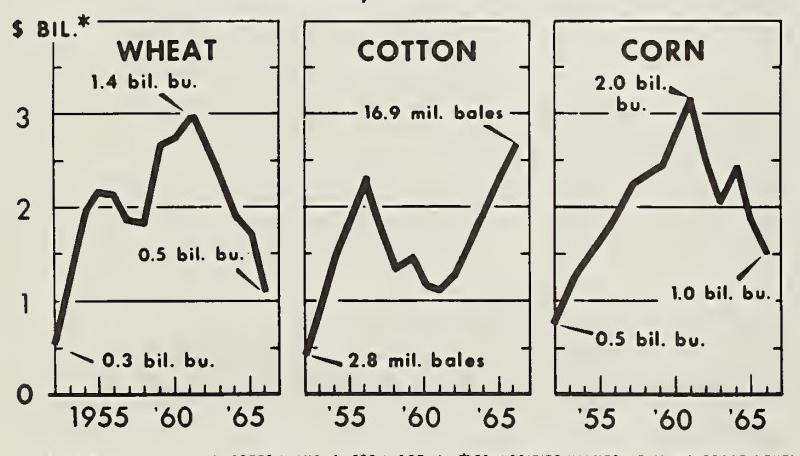
Charts in this book are available as color slides or black and white photographs.

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CROP AND LIVESTOCK PRODUCTION



CARRYOVER OF WHEAT, COTTON, AND CORN

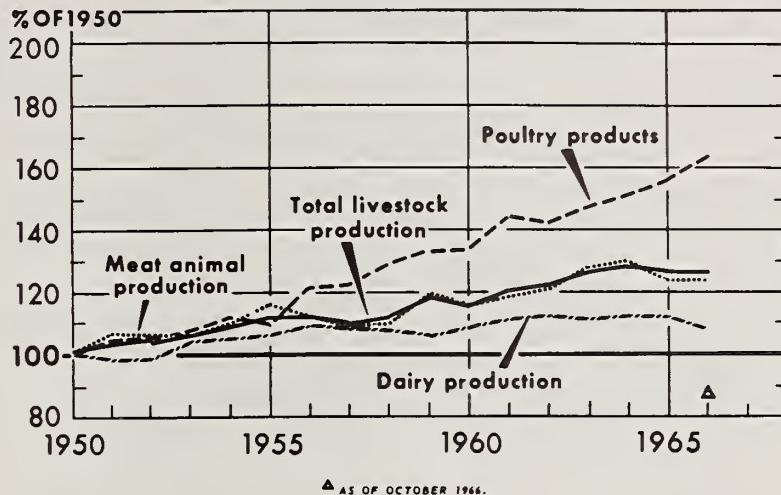


CROP AND LIVESTOCK SUPPLIES TO CONTINUE ABOVE AVERAGE INTO 1967: Continued large livestock production in 1967 and prospects for more acreage and larger crop output point to an increase in total farm output next year. Crop production in 1966, much of which will be marketed in 1967, was 4 per cent below the all-time high of 1965 but still equal to the second highest on record. Less favorable growing conditions than in 1965 and reductions in planted acreage, particularly cotton, are two reasons for the smaller crop in prospect for 1966. However, output of grains was near 1965 and oilseeds were up. Production of livestock and products likely will total slightly more than in 1965.

HEAVY UTILIZATION REDUCES STOCKS OF WHEAT, CORN: Carryover stocks of wheat and corn into 1966/67 fell well below year-earlier levels as domestic use and exports increased. However, the cotton carryover this August was estimated at the highest level ever, the result of a large 1965 crop and a sharp drop in exports. Reduced supplies of grains and cotton and prospects for continued large utilization point to further declines in grain stocks and a sizable reduction in the cotton carryover next year.

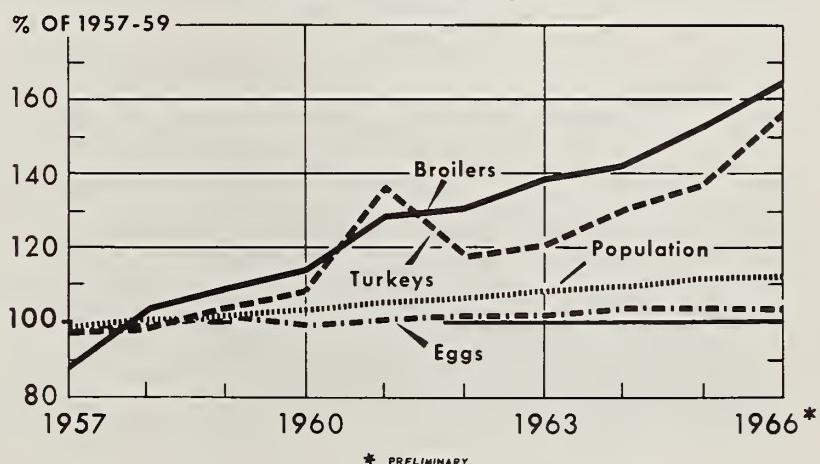
LIVESTOCK PRODUCTION

CONTINUED LARGE LIVESTOCK PRODUCTION EXPECTED: Livestock output in 1967 may change little from the 1965 and 1966 levels. Increased marketings indicated for hogs, broilers and eggs in 1967 may be largely offset by a smaller slaughter of cattle. In 1966 total output of livestock and products is expected to be slightly higher than in 1965. Increased output of beef cattle, broilers and turkeys is more than offsetting a decrease in milk.



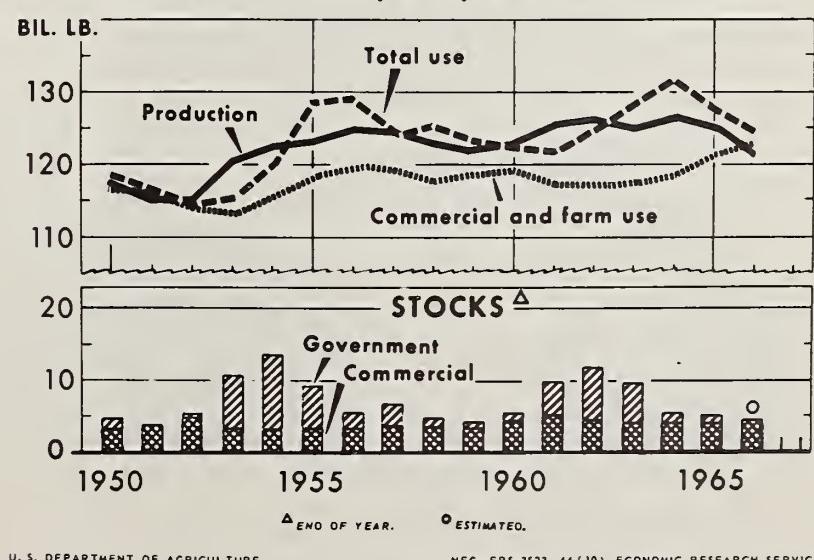
POULTRY AND EGG PRODUCTION AND POPULATION

INCREASE IN POULTRY AND EGG SUPPLIES EXPECTED: Broiler and turkey production probably will continue to rise rapidly in 1967. Egg production, after holding steady in 1966, may show the largest gain in 1967 in more than a decade. Producers are responding mainly to a step-up in demand for poultry and eggs which began over a year ago. Growth in demand raised producers' prices for poultry and eggs during much of 1965 and 1966 to the highest levels since 1958-60.

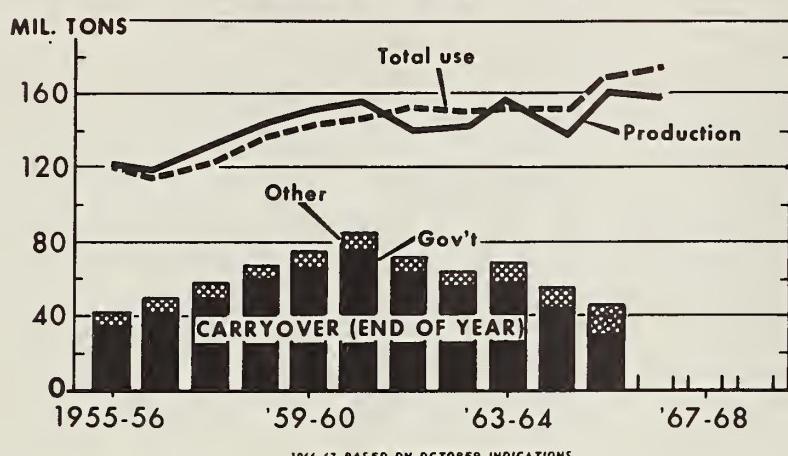


MILK PRODUCTION, USE, AND CARRYOVER

MILK USE MAY TOP PRODUCTION AGAIN IN 1967: In 1966 commercial and farm use of milk exceeded milk production. As a result, total stocks at the end of 1966 will be lower than average. Lower supplies and rising commercial use are bringing 1966 average farm milk prices close to the record highs of 1948 and 1952. In 1967 total milk use may top output, but rising imports likely will bring supplies above use. Year-end stocks again will be below average. Price prospects continue favorable into 1967.



FEED GRAIN PRODUCTION, USE AND CARRYOVER

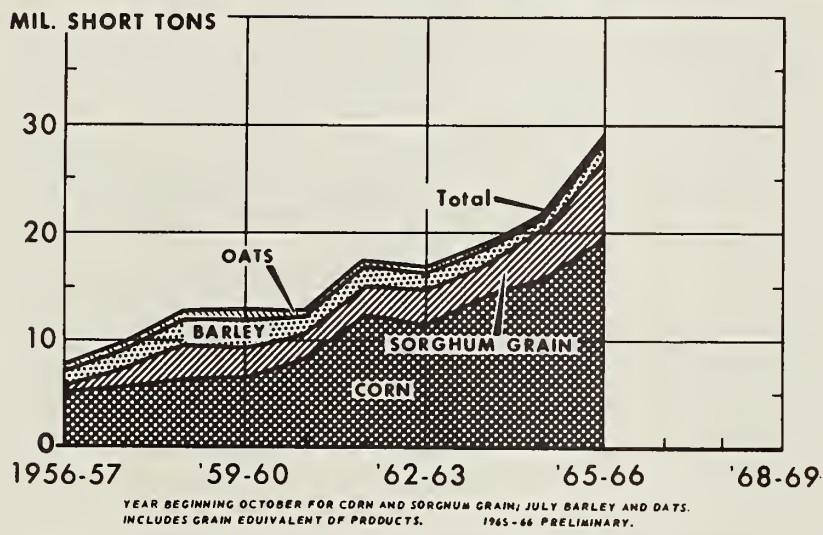


U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 4790-66(10) ECONOMIC RESEARCH SERVICE

FEED GRAIN SUPPLY DOWN: The 1966/67 feed grain supply is 7 per cent smaller than last year as a result of reductions in both carryover and production. Consumption is expected to continue heavy and some further reduction in carryover is in prospect at the end of the 1966/67 marketing year. In 1965/66 total use was 14 per cent above a year earlier and 8 per cent above the record 1965 crop. This heavy utilization reduced carryover into 1966/67 to 43 million tons, down 13 million from the year before.

FEED GRAIN EXPORTS

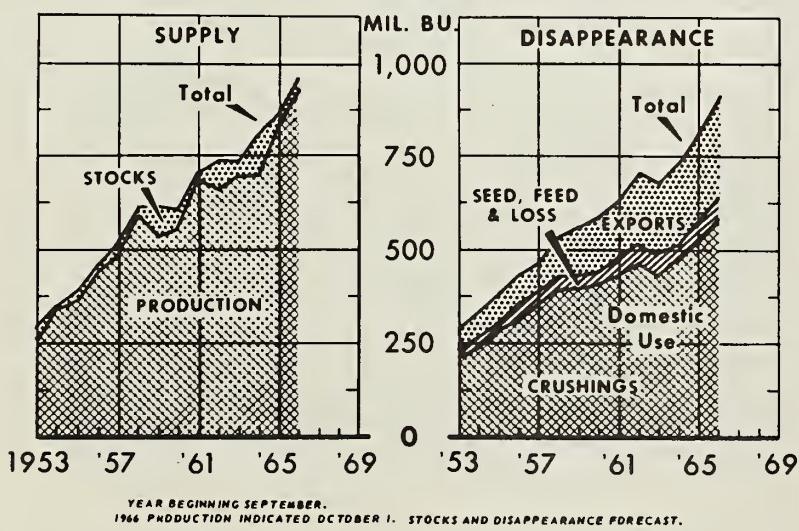


U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 4788-66(10) ECONOMIC RESEARCH SERVICE

FEED GRAIN EXPORTS TO CONTINUE HIGH: With continued strong foreign demand in prospect, exports of feed grains are expected to be maintained at a high level in 1966/67. Of the many farm commodities setting new export records in 1965/66, the increase in feed grains was most spectacular. About 29 million tons were exported in 1965/66, 35 per cent above a year earlier and having a farm value of over \$1.1 billion. These exports amounted to 18 per cent of 1965 feed grain production and 35 per cent of total sales by farmers.

SOYBEANS

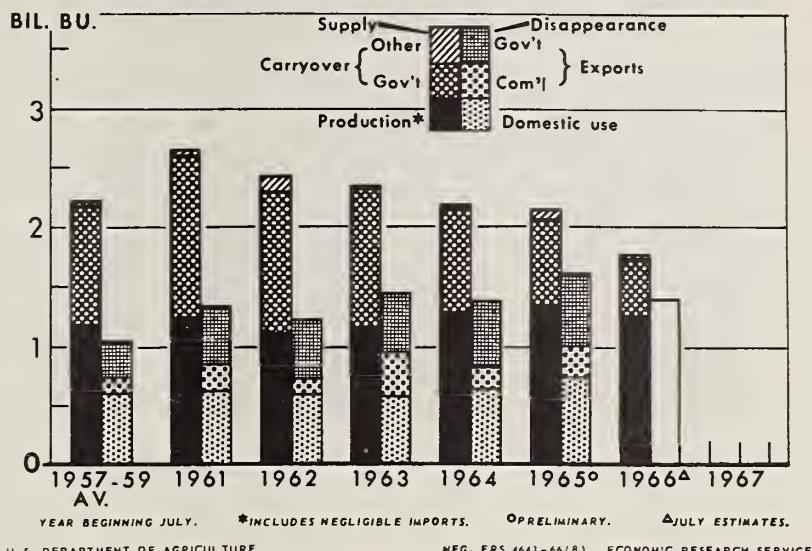


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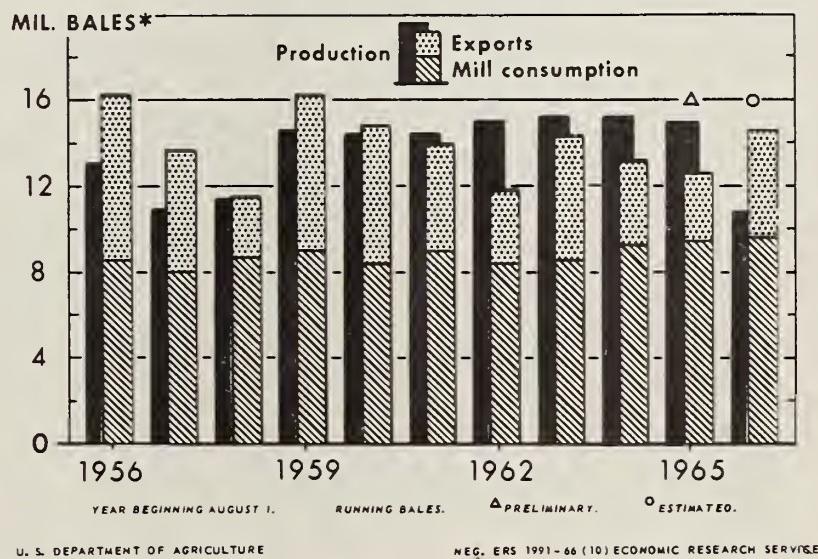
NEW HIGH EXPECTED IN SOYBEAN USE: The long-term uptrend in soybean use is expected to continue during the 1966/67 marketing year that began September 1. Supplies are 10 per cent higher than in 1965/66. Planted soybean acreage in 1966 was a record 37.7 million acres, up about 7 per cent from 1965. In 1965/66 domestic use totaled a record 586 million bushels and exports a record 251 million bushels, despite strong soybean prices. With increased utilization, carryover stocks this September 1 continued at a low level.

WHEAT SUPPLY AND DISAPPEARANCE

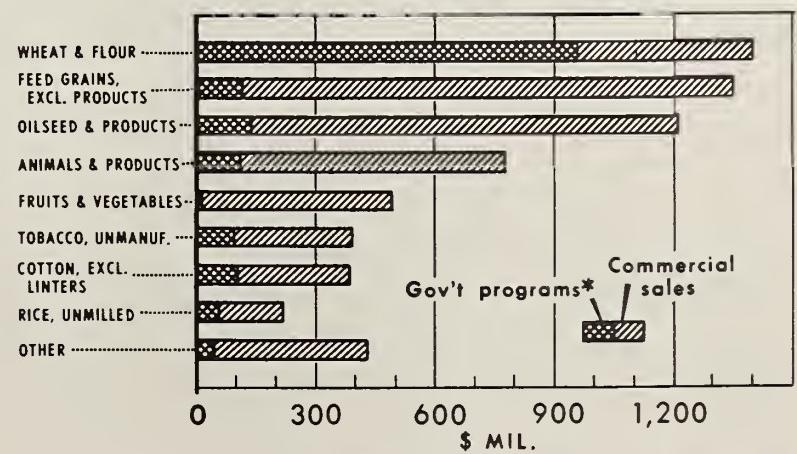


WHEAT STOCKS DIMINISH AS USE TOPS PRODUCTION: The total supply of wheat in 1966/67 is down 15 per cent from a year earlier and is the smallest since 1953/54. Though some reductions in domestic use and exports are expected, total carryover at the end of the 1966/67 crop year may be down by more than 100 million bushels from 1965/66's ending carryover of 536 million bushels.

U. S. COTTON PRODUCTION AND USE



U.S. AGRICULTURAL EXPORTS BY COMMODITY GROUP, 1966



GRAIN AND OILSEED EXPORTS EXPAND: During fiscal 1965/66, U.S. exports of grains and preparations rose to a record \$3.1 billion and accounted for 46 per cent of our total agricultural sales abroad. Feed grains and soybeans were our top dollar earners in foreign markets, though wheat was still our No. 1 export commodity in terms of total value.

U.S. AGRICULTURAL EXPORTS

Total, Commercial, and Under Government Programs
With and Without Export Payment Assistance

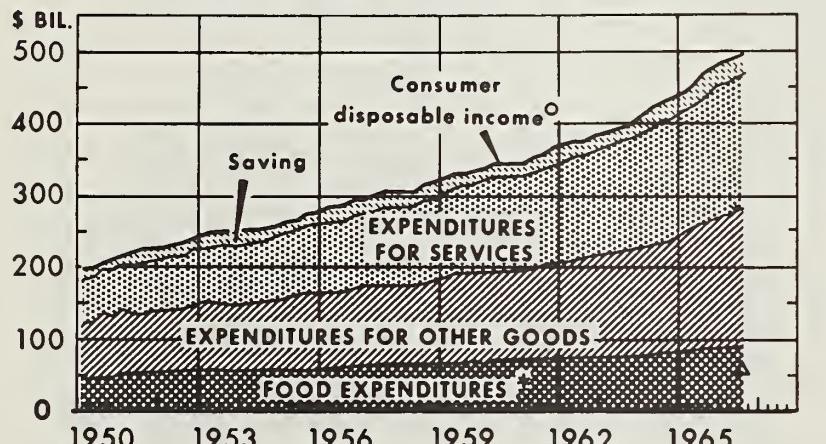


U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 4802 66(10) ECONOMIC RESEARCH SERVICE

EXPORTS CONTINUE RISING: U.S. farm exports in fiscal 1966/67 are expected to surpass the record \$6.7 billion level of 1965/66. Larger shipments are in prospect during 1966/67 for soybeans, cotton, tobacco, protein meal and rice. During 1965/66, nearly \$5.1 billion of our total farm exports were for dollars—a new record. The other \$1.6 billion that moved abroad went mostly as aid shipments to less developed countries.

INCOME AND EXPENDITURES

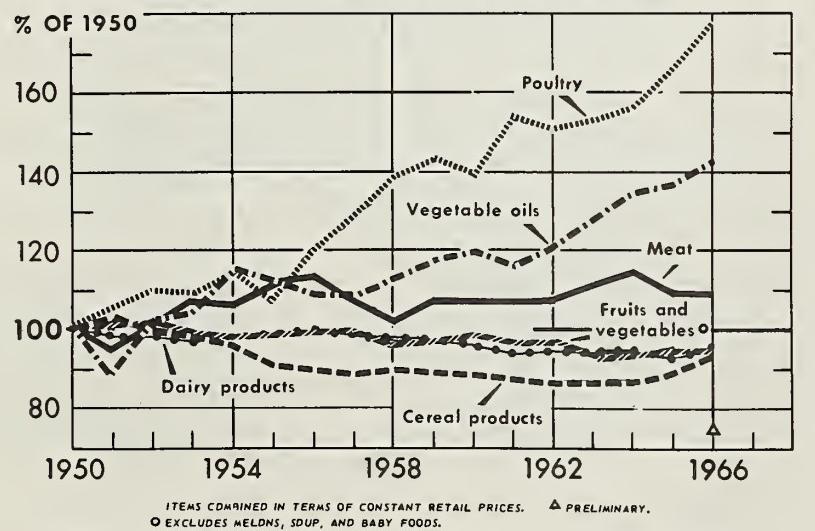


U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2119 X-66(10) ECONOMIC RESEARCH SERVICE

CONSUMER INCOMES, EXPENDITURES CLIMB: Domestic demand for farm products is expected to expand further during 1967. In addition to a growing population, a continued rise in consumer's after-tax income is in prospect, though the increase is not likely to be as rapid as this year. During the first nine months of 1966 consumer incomes were up about 8 per cent from 1965. Food expenditures were also up with both prices and per capita food supplies advancing, reflecting the unusually strong demand situation.

FOOD CONSUMPTION PER CAPITA

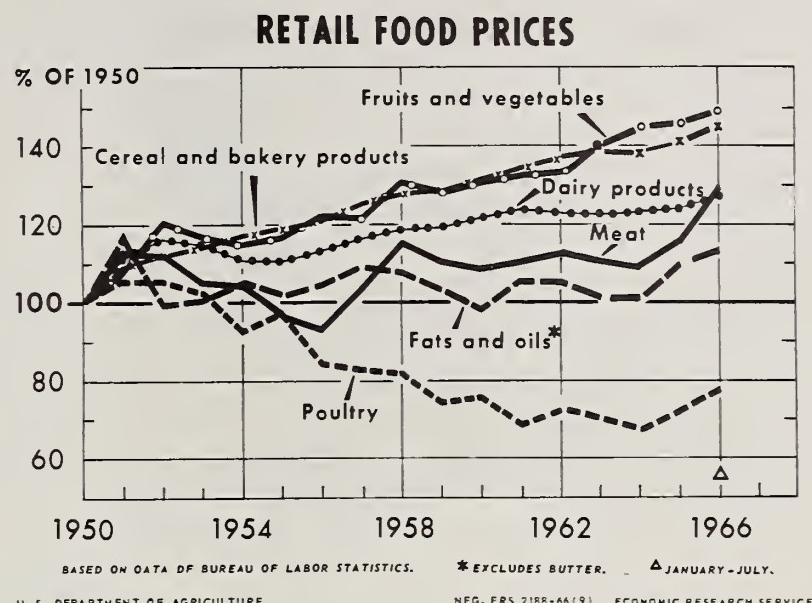


U. S. DEPARTMENT OF AGRICULTURE

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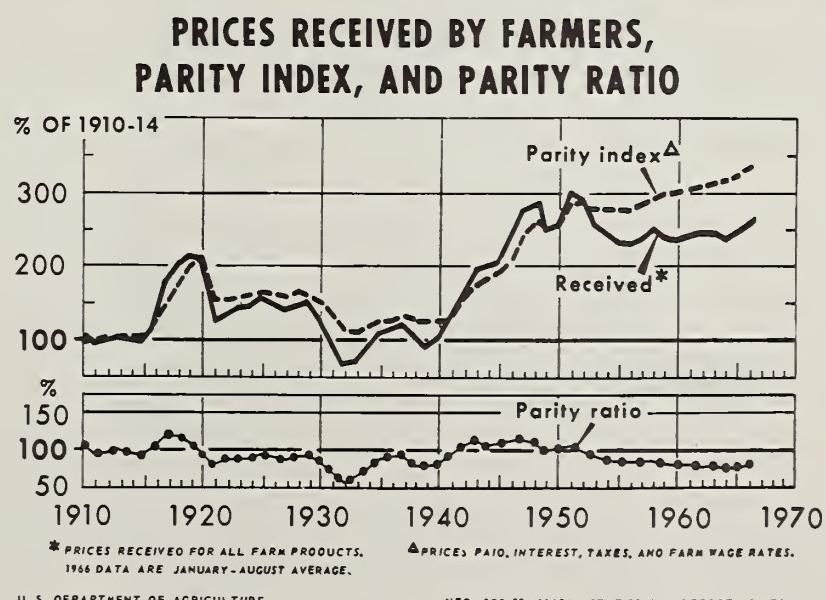
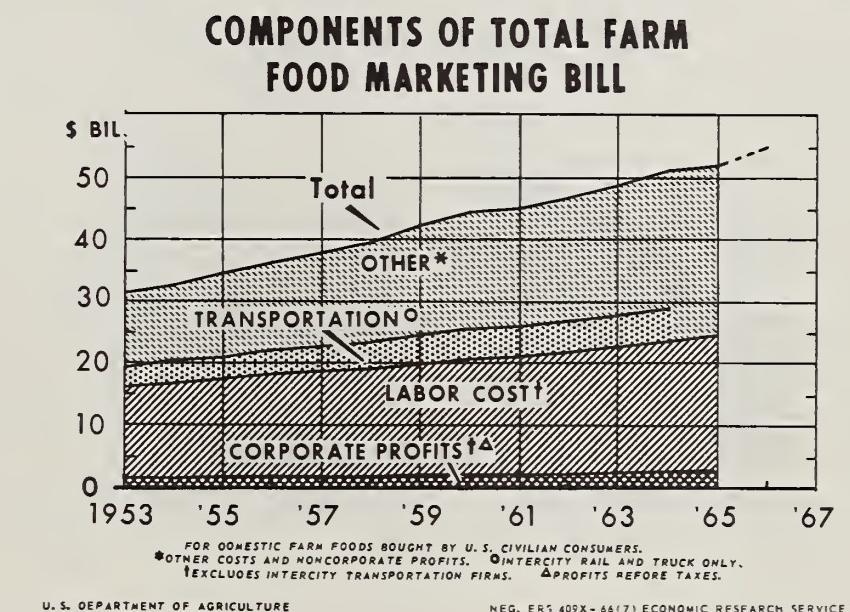
PER CAPITA FOOD CONSUMPTION UP SLIGHTLY IN 1966: Per capita food consumption during 1966 is running slightly ahead of last year. Americans are eating more broiler meat, beef, citrus fruits, vegetable oils and potatoes this year than last. However, consumption of pork, fruits, vegetables and animal fats is below 1965. The outlook for 1967 points to little overall change in per capita food consumption. Gains for pork and poultry may be more than offset by an expected decline for beef. Increases are likely for fruits (especially citrus), vegetables and potatoes.

RETAIL FOOD PRICES UP: Retail food prices so far in 1966 are running about 5 per cent above last year. Higher meat prices are partly responsible, reflecting sharply reduced pork supplies well into 1966. But prices for eggs, dairy products and cereal and bakery products are up from 1965, too.

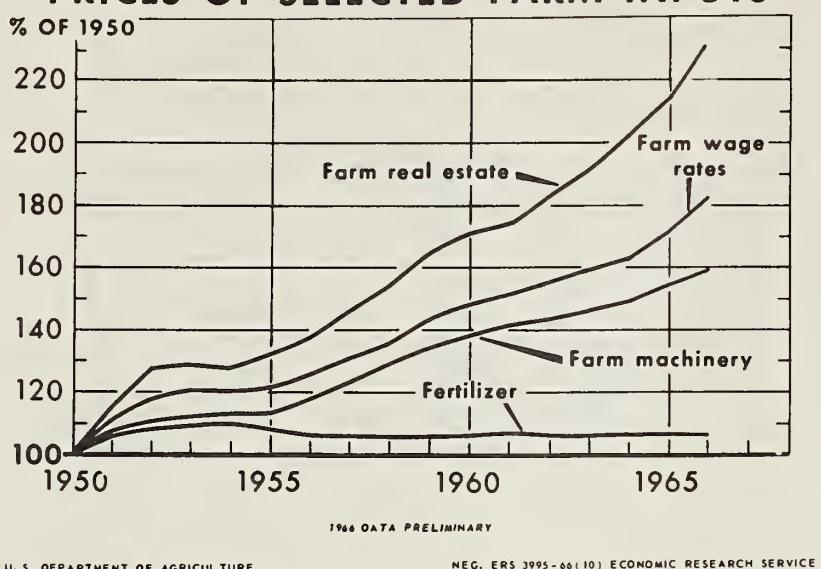


INCREASE IN MARKETING BILL INDICATED: The farm food marketing bill in 1966 is expected to total \$55 billion, \$3 billion more than in 1965 and a larger-than-average increase. Part of the rise will result from more eating away from home. The total volume of products marketed has increased about 2 per cent from 1965. Last year labor costs made up 42 per cent of the marketing bill, rail and truck transportation, about 10 per cent; and corporate profits, about 6 per cent. The uptrend in the bill for marketing and processing farm-produced foods will extend into 1967, though the advance may be less rapid than in 1966.

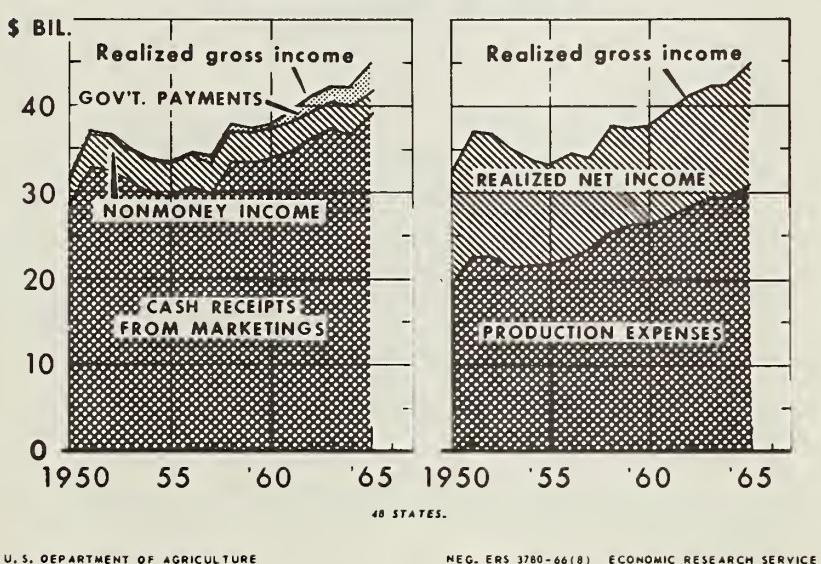
SUPPLY, DEMAND PROSPECTS POINT TO STRONG FARM PRICES: With continued heavy domestic and foreign demand, 1967 farm prices likely will average near the improved 1966 level. Prices received by farmers for 1966 crops through September averaged about the same as a year ago; livestock prices were up 15 per cent. Despite the continued increase during 1966 in prices paid by farmers, interest, taxes and farm wage rates, the strong rise in prices received by farmers this year resulted in a slight improvement in annual average parity ratio.



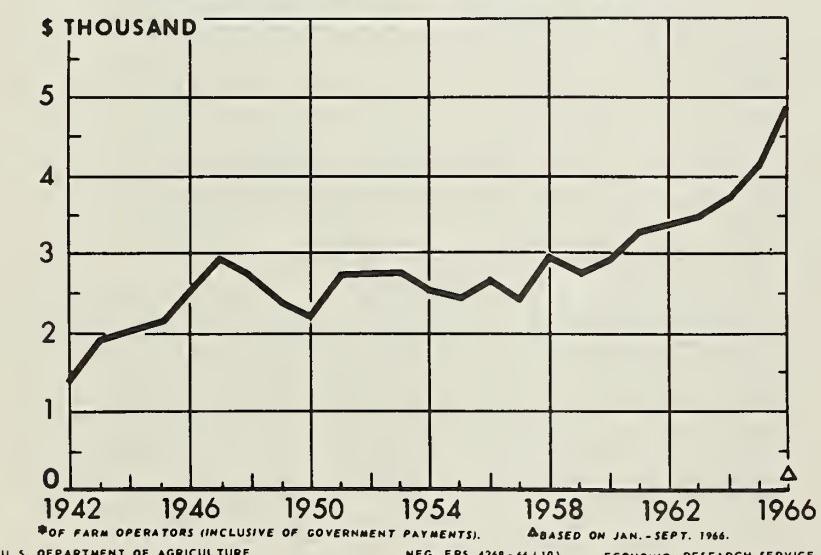
PRICES OF SELECTED FARM INPUTS



FARM INCOME COMPONENTS



REALIZED NET INCOME PER FARM*



FARM COSTS STILL RISING: Prices paid by farmers during 1966 for inputs of farm origin, such as land and labor, are continuing their upward trend. Wage rates are about 8 per cent higher this year than last, but a persistent decline in the number of hired farmworkers will likely keep the total 1966 wage bill under that of 1965. The uptrend in prices paid for most inputs of nonfarm origin is expected to extend into 1967.

NET INCOME PROSPECTS: Net farm income in 1967 may not quite match the near-record level this year. Larger marketings are in prospect, particularly for crops, and prices for some crops may ease later in 1967. Gross farm income is expected to be about the same as this year's record high, but a continued rise in production expenses points to a slight reduction in realized net income, compared with 1966. This year turned out to be one of the best on record for farmers. Strong demand accompanied by reduced supplies and higher prices for food and feed crops and soybeans has pushed 1966 realized net farm income about \$2 billion over the 1965 level of \$14.2 billion.

INCOMES PER FARM SET NEW RECORD IN 1966: Realized net income per farm in 1966 is expected to total around \$4,900—breaking last year's record of \$4,210. The higher income per farm this year and last is due to improved farmers' income situation and to some further decline in farm numbers. Even if a small decline occurs in 1967, per farm income will be well above 1965 and may be the second highest of record.

*It's a seller's market
for milk today and
apt to stay
that way until supplies
become larger
relative to demand.*

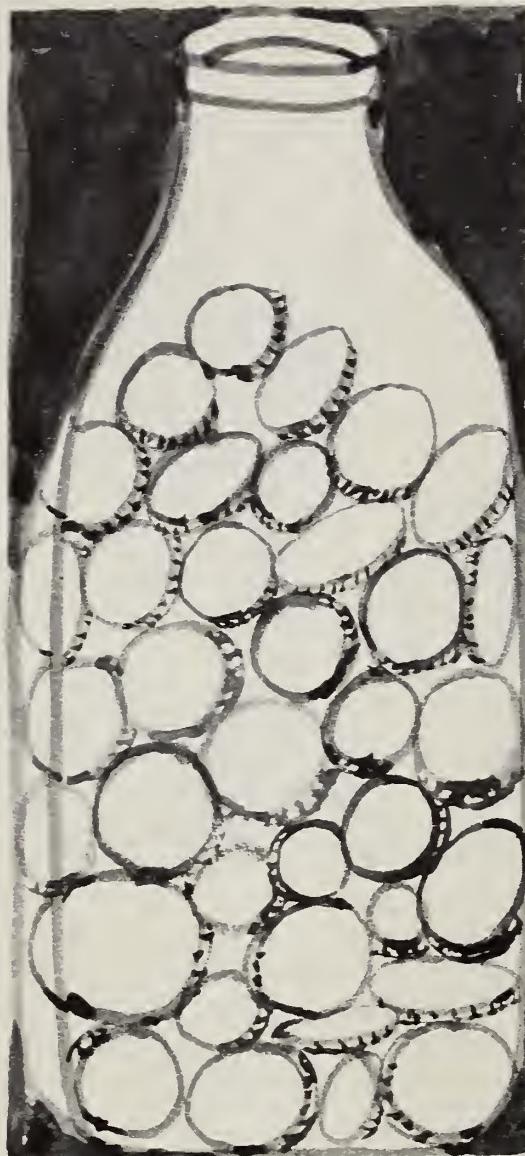
LESS MILK: MORE MONEY

For the first time since the Korean conflict, milk producers are enjoying a seller's market. Market conditions have been favorable to the farmer since mid-1966 when prices milk producers received rose to 85 per cent of parity. They have increased somewhat since then.

This year it looks like milk production may be running close to 5 per cent below the 1964 peak of 127 billion pounds.

Farmers are enjoying higher prices on the open market. Also, the higher price support level of \$4 has helped to strengthen prices in the market. The Secretary of Agriculture established the higher price in June of this year in an effort to encourage greater output.

Dairy product stocks at the beginning of 1966 were at the low level of 4.5 billion pounds milk equivalent—far below the 12.2



billion pounds at the beginning of 1963. Government stocks of butter and cheese have disappeared. Stocks of nonfat dry milk, once numbered in hundreds of millions of pounds, were below a million at the end of August this year.

The signs point to much the same market conditions for the immediate future, even though higher prices may ultimately bring about a boost in production. Among other reasons: Consumer incomes are at high levels; through midyear, retail prices for other foods had risen more than for dairy products.

The proportion of large dairy herds is continuing to increase, as it has in recent years. Milk production is becoming more specialized; more milk is produced per farm as a result of the specialization; and dairy farmers are becoming more efficient.

Increasing labor costs and the difficulty of getting dairy hands suggest the dairyman will continue his attempt to lower labor costs by increased investment in mechanization.

If labor is becoming more efficient, so too is the cow. Milk production per cow has been raised from around 4,500 pounds per year at the time of World War II to about 8,100 pounds in 1965. Today commercial herds averaging 14,000 pounds of milk per cow are fairly common; many produce at the 17,000-pound level.

It is this greater output per cow, of course, that has maintained—and, in most recent years, more than maintained—our milk supplies while cow numbers have actually declined. But the day may come when more milk will mean more cows. For the past 10 years, we have imported less than 1 billion pounds milk equivalent. In 1966 we are likely to import more than 2 billion pounds.

Recently there has been great concern about declining per capita consumption of dairy products. But in terms of sales, only fluid cream and evaporated milk have shown substantial percentage declines during the past three years. Measured by total solids, sales of milk and dairy products per person have been about steady since 1960. Total sales have risen.

As long as the nation enjoys the current degree of prosperity, the commercial demand for dairy products should remain strong. And a few products, such as skim and low-fat milk and cheese, are showing notable gains in per capita use. Increased beverage use of low-fat milk is likely to continue. The lower calorie content and the price—usually 1 to 2 cents less a quart than fluid whole milk—make it attractive to the customer.

Per capita use of cheese has trended upward since the mid-1950s and it should continue to grow. One present cause: Current high prices of meat encourage the

consumption of cheese.

This seller's market for milk has helped to increase the movement of bulk milk among states and markets. And as long as milk supplies remain relatively tight, interstate movement of milk will persist, probably even grow.

As the use of bulk tank equipment increased on farms, lowering milk assembly costs, the size of processing and manufacturing plants increased. At the same time, competition for milk supplies has been intensified by the decreasing milk production of the last two years or so. Many a small plant, as a result, has been forced out of business.

Fluid milk plants have increased their volume of sales by expanding distribution areas. One result has been the merger of nearby market areas previously covered by separate milk marketing orders. If these trends continue regional orders may in time develop.

Both the increasing mobility of farm milk and the need for broadening supply areas as urban population expands are pushing milk sheds beyond state lines. (9)

Power Costs Up 9-16 Cents per Bale In Study of High-Capacity Cotton Gins

High-capacity cotton gins do the job faster than the smaller ones. But they use up more electricity and raise the cost of power per bale.

These are the conclusions of a recent study of operations at 17 high-capacity gins in Mississippi, Louisiana, western Texas and California. The study was a joint effort of economists in the Economic Research Service and engineers in the Agricultural Research Service.

One part of the research project was to compare the recent findings with those of a previous study of 23 conventional gins in two of the same areas.

According to the study, ginning

rates for high-capacity plants in western Texas averaged 23 per cent more than for conventional plants, and 17 per cent more in California. At the same time, energy costs per bale averaged \$1.57 in western Texas—16 cents more than for conventional gins. Energy costs were 98 cents per bale in California—9 cents more than for conventional plants.

Greater use of fans, in part, accounts for the higher energy costs. The fans make up two-thirds of the operating load in high-capacity plants; little more than one-half the load in conventional plants.

The research points to areas of special concern for the gin operator: High-capacity plants use more fans, burn up more energy, run up the cost of power. Also, total connected horsepower (hp.) in the bigger plants exceeds the operating power requirements to a far greater extent than it does in conventional gins. (Total connected load is the sum of the rated horsepower for all motors in a gin.)

The study also indicated that the total connected loads for high-capacity gins varied from a low of 625 hp. for a gin in the mid-South to a high of 1,643 hp. for one in California. Averages for the regions were: 772 hp. in the mid-South; 1,098 in California; and 1,125 hp. in the western Texas plants. The connected loads were far more than needed to run the machinery and equipment.

The actual power used, for example, during normal ginning operations (the operating load) averaged about 490 hp. for gins in the mid-South, 651 in California and 639 in western Texas.

The study also underlined the high cost of idling the machines. Idling loads averaged about 85 per cent of operating loads. Thus, power costs rise appreciably when the machines are left to idle for too long a time, instead of shutting them down when no cotton is available. (10)

OUTLOOK FOR MARKETING

Spread Between Food Basket's Farm Value and Retail Cost May Widen

The American farmer may be getting about a penny less of the nation's food dollar in 1967, compared with this year.

The farmers' share of the dollar consumers spend for a "market basket" of farm foods probably will average 39 cents next year. It now runs about 40 cents.

With some increase expected in the retail price of these foods, the spread between the retail cost and the farm value of the market basket is expected to average somewhat wider in 1967.

Costs of performing marketing services probably will go up again next year. Hourly earnings of marketing firm employees are likely to rise more than output per man-hour. Result: an increase in labor costs per unit of product. Other costs (except raw material costs) are expected to rise again next year.

The "market basket" contains the average quantities of domestic farm foods purchased in 1960-61 by wage-earner and clerical-worker families as well as single workers living alone. It contains no imported foods, seafoods, or other nonfarm foods.

In total, civilian consumers will spend approximately \$83 billion for domestic farm food products in 1966. That is 7 per cent more than they spent in 1965. About one-fourth of the increase is the result of the greater volume of food purchased. The rest of the increase results from higher prices in retail stores and away-from-home eating places.

Consumers are spending more for all groups of food, but the biggest increases have been for meats, poultry, eggs and dairy products.

Returns to farmers from these products will total about \$28 billion for the year, 10 per cent more than in 1965. (11)

TRADING UNDER THE TRADE WINDS

The British-settled lands of the Caribbean are a burgeoning market for U.S. farm exports.

Fast-growing populations and a thriving tourist trade are boosting food demands.

There's a fast-growing foreign market for U.S. agricultural exports right at our doorstep: the British-settled islands of the Caribbean and newly independent Guyana on the northeast tip of South America.

Their total agricultural imports, which amounted to \$117.5 million in 1958, are expected to be worth \$228 million by 1975.

In 1958, \$25.5 million worth of the area's farm imports came from the United States. This was 22 per cent of the total. If we continue to supply 22 per cent of their farm import needs, we would be selling them a \$43-million order in 1970 and a \$50-million shipment by 1975.

However, we're doing better than that: Between 1958 and 1962 our agricultural exports to the area increased by 50 per cent.

These Trade Wind lands were home to some 3.5 million people in 1958. Another million and a half are expected by 1975.

In 1958, the area's gross domestic product totaled about \$1.3 billion. By 1975 that figure will probably double. In addition, per



capita national income is expected to increase by half to \$484 a year within a decade.

Tourist business, bauxite mining (for aluminum) and agriculture are the area's chief industries. Sugar and bananas are the top agricultural exports. Imports and exports of goods and services are expected to double their 1958 amounts to \$1.2 billion both coming in and going out in 1975.

More people, making more money, will create a demand for more food. In 1958 each person in the area consumed about \$100 worth of food, including the value of homegrown crops. That amount will increase considerably in the next nine years.

Rice dominates the diet of Guyana, Trinidad and Tobago. In Jamaica and the British Leeward Islands and British Windward Islands, roots and other starchy vegetables are the basic food.

Highest food prices in the area are paid in Jamaica and Barbados; lowest in Guyana. Trinidad and Tobago enjoy the highest levels of real income and food consumption; lowest are in the

smaller Windward and Leeward Islands.

Calorie intake for the area ranged from about 2,100 per day for each person in the smaller islands and Jamaica to 2,500 for Trinidad and Tobago. By 1975 the area's people can expect to take in up to 500 more calories per day.

The islands' small size affords little chance for putting much more land into farming. Productivity increases, then, will depend largely upon improvements in farming methods.

Scientific research is coming up with bigger harvests, while also bringing under control many crop-killing diseases. Research-improved cane should boost the million-ton figure for the area's 1958 sugar output to more than 1.6 million tons by 1975.

These Caribbean countries produce no wheat. In 1958 they had to import 263,000 tons and for 1975 that order is projected at 460,000 tons.

Markets are also increasing for corn, oats and barley; fats and oils; vegetables; eggs; dairy products and meat. (12)

OUTLOOK FOR EXPORTS**U.S. Farm Export Picture Bright; Sales Abroad May Top Last Year's**

Another banner year is in sight for U.S. farm exports in fiscal 1967. Last year's all-time record of \$6.7 billion is likely to be surpassed.

Dollar sales abroad are expected to top last year's \$5.1 billion.

Exports under government-financed programs may continue near the \$1.6 billion level of the past year—with more emphasis on long-term dollar credit sales.

Looking at commodities:

Prospects for cotton are much brighter as exports are expected to be up sharply from the low 1966 level of 3.1 million bales.

Fruits and vegetables and preparations should have a good year, one that may approach last year's bumper shipments. Anticipated increases for canned fruit and juices should largely offset expected declines for some fresh and dry items.

The current outlook is for generally higher exports of oilseeds and products—likely to exceed last year's \$1,224 million and set a sixth consecutive record.

Tobacco should have the best export year in a decade, with a sharp rise over last year's 472 million pounds.

Animal and animal product exports are expected to be lower than the 1966 level of \$777 million because of a decline in dairy products. However, exports of lard and tallow may gain in '67.

Overseas shipments of rice should be bigger than last year's. The increased U.S. acreage has helped raise supplies high enough to meet both domestic needs and increasing world demand.

Wheat and flour exports will probably level off from the record 859 million bushels of 1965/66, due to reduced U.S. supplies and larger world output. *Feed grains* should continue strong—with some rise in grain sorghums and corn. (13)

Arctic Cold Hampers Finnish Farming; Imports Are Big Part of Food Supply

The Finns' name for their country means land of lakes and marshes, a truly apt description. Finland, only slightly larger than New Mexico, contains more than 60,000 lakes and much of its soil is poorly drained and boggy.

For Finnish farmers, crop production is a constant battle against waterlogging and the Arctic cold. One-fourth of Finland lies above the Arctic Circle and summer frosts often damage or destroy crops.

Nevertheless, Finland's farm output has risen steadily throughout the past decade—just about 3 per cent a year. Livestock production dominates Finnish agriculture and most of the cropland is used for growing feeds for livestock—grass, feed grains, fodder roots and forage crops. By 1964 the country produced more than enough livestock and dairy products to meet its domestic require-

ments and was nearly self-sufficient in livestock feeds.

But there are a good many crops Finland's farmers can't grow because of the shortness of its summers. Imports make up a sizable share of the country's food supplies—especially sugar, vegetable oils, fruit, dry legumes and a small part of its breadgrains. Finland also must import most of its fiber and all of its tobacco and tropical and semitropical products.

The Soviet Union, with which Finland has a bilateral trade agreement, was the country's No. 1 source of agricultural imports in 1964. The Soviets were the leading supplier of sugar as well as of breadgrains. The United Kingdom ranked second, selling fibers. The United States stood third.

U.S. farm exports to Finland in 1964 consisted primarily of fruit and fruit preparations—chiefly fresh apples, dried prunes and raisins. Raw tobacco, mainly flue-cured, ranked second to the fruit group. Other U.S. exports were oilseeds (chiefly soybeans), cotton and processed coffee.

Finland's farm exports are small in comparison with imports. Dairy products (chiefly butter and cheese), eggs and meat contributed 65 per cent of all agricultural export earnings in 1964; hides, skins and furs contributed 24 per cent.

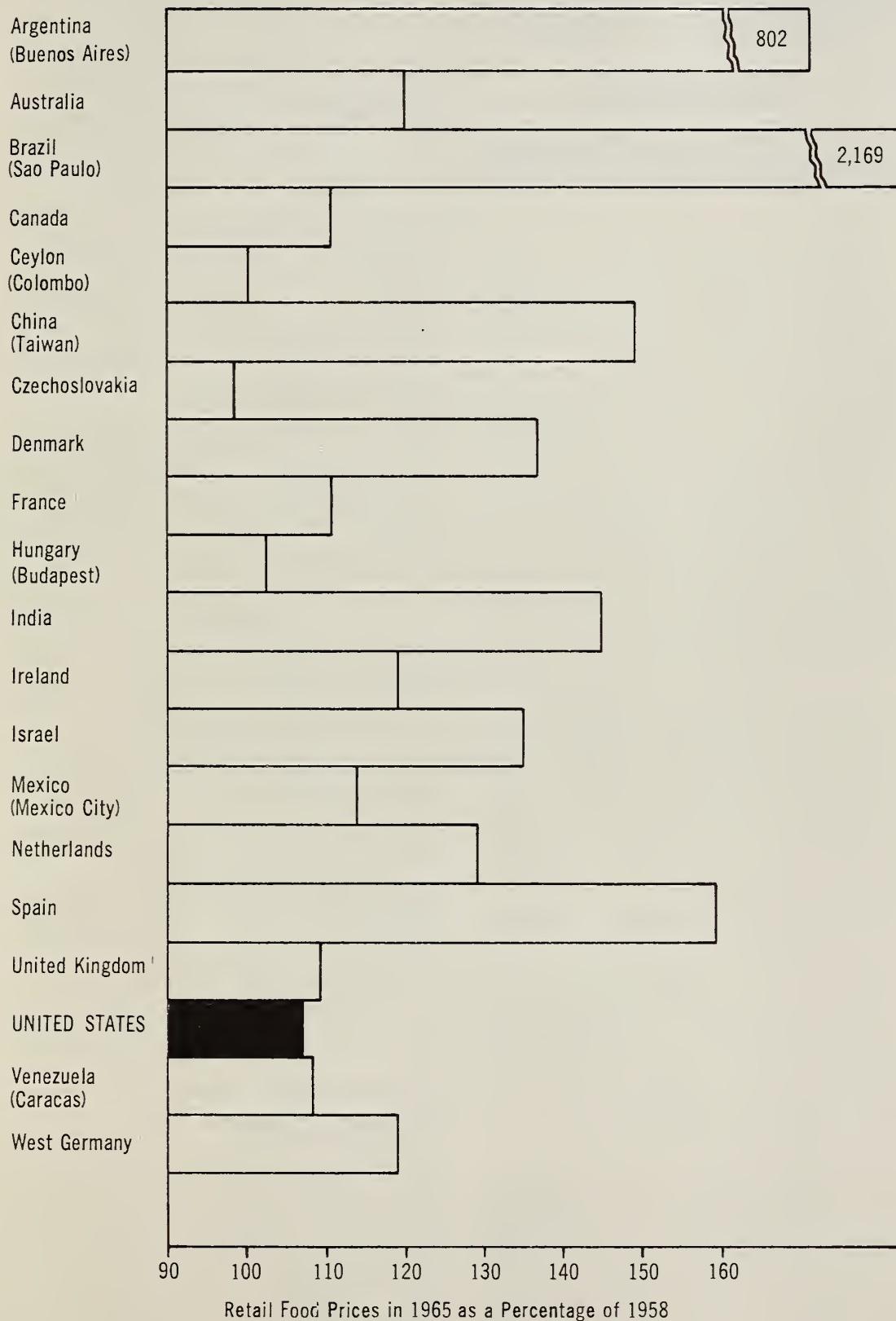
U.S. imports from Finland in 1964 amounted to about \$1.4 million, almost entirely cheese. We also purchased some \$5.8 millions' worth of undressed mink furs. (14)

Foreign Spotlight

JAPAN. A Japanese mission to Kenya, Uganda and Tanzania has been exploring the potentials there to expand production of corn and oilseeds for export to Japan. Last year imports of Japanese goods were restricted by the area because Japan was buying little from the East African countries.

SOVIET UNION. Government grain purchases from farms in the three major republics now run over 70 million tons and may reach 75 million when final returns are in. Purchases of wheat, at 54 million tons, are 12 million above any previous level. In addition to good weather, the effects of much higher rates of fertilization and increased incentives are reflected in the record output. (15)

THE PRICE OF FOOD—AT HOME AND ABROAD: Food prices up? Perhaps it would help to know the rate of increase in the United States has been far less than in most other countries. Between 1958 and 1965, retail food prices in the United States rose 7 per cent. Rocketing inflation sent food prices up 700 per cent in Argentina, an unbelievable 2,000 per cent in Brazil. (16)



Coffee Break Is the Winner, 15 to 1, In Popularity Contest With Tea Time

Are we still a nation of coffee drinkers? Yes, but we aren't drinking quite so much coffee as in the past. And tea seems to be gaining in the public favor.

U.S. civilians consumed the equivalent of about 18 pounds of coffee per capita in 1947-49; less than 15 pounds last year.

Even so, coffee has a wide, wide margin of popularity over tea. Last year we averaged the equivalent of two-thirds of a pound of tea, about an ounce and half more than in 1947-49. (17)

American Appetites Say Yes to Beef, Pork; Turn Up Nose at Lamb, Mutton

Day in, day out, the typical American eats about a half pound of red meat—175 pounds a year.

But it's only an also-ran performance as world meat eaters go. The really hearty appetites for red meat are all found south of the equator.

Diets down under run to 226 pounds of red meat per person in New Zealand, 219 pounds in Australia. The citizens of Uruguay average 221 pounds. In Argentina they make do with 177 pounds of red meat.

The figures are for 1964, the latest year for estimates for all countries.

The United States actually ranked fourth for per capita consumption of veal and beef in 1964; fifth for pork consumption.

Americans aren't even in the race, when the menu calls for lamb and mutton. We averaged four pounds a person in 1964. New Zealanders ate 95 pounds.

Consumption of beef and veal was greater in 1964 than it was for other red meats in most areas of the world. The main exception was Europe, where pork consumption exceeded beef and veal in many countries. (18)

¹ Percentage change since 1962.

SUMMARY AND EVALUATION OF JAMAICA, TRINIDAD AND TOBAGO, LEEWARD ISLANDS, WINDWARD ISLANDS, BARBADOS, AND BRITISH GUIANA: PROJECTED LEVELS OF DEMAND, SUPPLY, AND IMPORTS OF AGRICULTURAL PRODUCTS TO 1975.

Western Hemisphere Branch, Foreign Regional Analysis Division. ERS-For. 148.

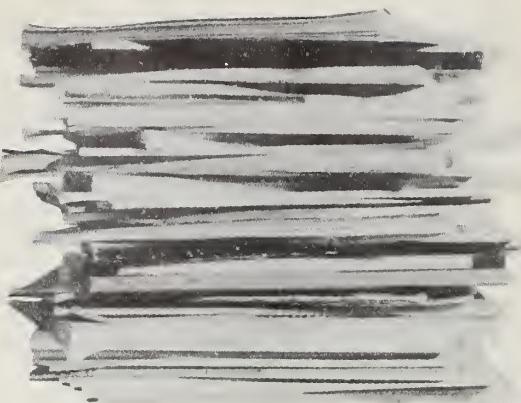
Projections to 1975 indicate that the former West Indies Federation and Guyana are expected to remain a small but important and rapidly growing source of agricultural trade with the United States. (See this issue, page 19.)

AN ECONOMIC SURVEY OF THE OZARK REGION. M. F. Jordan, Economic Development Division, and L. D. Bender, University of Arkansas. AER-97.

This report identifies major economic problems of the Ozark Region and indicates regional potentials and the need for additional study. Specific objectives are: (1) to inventory major resources of the region and problems and potentials associated with resource development; (2) to determine the direction and magnitude of changes in the region's resource use during the latest intercensal period; (3) to isolate important employment trends in major economic activities; and (4) to evaluate the effects of economic problems of the region on its demographic structure, employment and incomes. (See June 1966 Farm Index.)

WESTERN HEMISPHERE AGRICULTURAL SITUATION: MIDYEAR REVIEW. Western Hemisphere Branch, Foreign Regional Analysis Division. ERS-For. 163.

This paper is focused on agricultural prospects for 1966 based on information available as of August 15. It also provides an updating of certain information presented in *The Western Hemisphere Agricultural Situation—Review of 1965 and Outlook for 1966*, ERS-For. 154.



recent publications

The publications listed here are issued by the Economic Research Service and cooperatively by the state universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from The Farm Index, OMS, U.S. Department of Agriculture, Washington, D. C., 20250. State publications may be obtained only by writing to the issuing experiment station or university after the title.

PRODUCTION REQUIREMENTS AND ESTIMATED COSTS AND RETURNS FOR RICE AND BEEF CATTLE UNDER ALTERNATIVE ROTATION PROGRAMS IN THE COAST PRAIRIE, TEXAS. T. Mullins, Farm Production Economics Division, in cooperation with the Texas Agricultural Experiment Station. Tex. Agr. Expt. Sta. Bul. MP-801.

This report presents helpful information for rice farmers in selecting input levels that tend to maximize returns above direct costs from rice and beef cattle.

PROCEEDINGS OF WORKSHOP-SEMINAR ON MARKET DEVELOPMENT AND PROMOTION FOR AGRICULTURAL PRODUCTS, UNIVERSITY OF CALIFORNIA, BERKELEY, CALIFORNIA, JUNE 21-25, 1965. Marketing Economics Division. ERS-274.

Papers and comments by representatives of commodity promo-

tional groups, market researchers and extension specialists are included. The workshop was sponsored cooperatively by the Western Agricultural Economic Research Council; the Marketing Economics Division, the Cooperative Extension Service, USDA; and the Giannini Foundation of Agricultural Economics.

FEASIBILITY OF ESTABLISHING ALFALFA DEHYDRATING PLANTS IN NORTHWEST RESOURCE CONSERVATION AND DEVELOPMENT PROJECT AREAS. J. W. McArthur and G. C. Taylor, Natural Resource Economics Division. ERS-296.

The report discusses the feasibility of establishing dehydrating plants in the Upper Willamette Resource Conservation and Development project area.

EFFECTS OF CHANGES IN THE PRICE OF COTTON AND IN LEVELS OF COTTON ALLOTMENTS ON AGGREGATE FARM PRODUCTION IN THE LOWER RIO GRANDE VALLEY OF TEXAS. R. E. Hatch and D. S. Moore, Texas Agricultural Experiment Station, College Station. Tex. Agr. Expt. Sta. Bul. MP-802.

This is another study in Regional Research Project S-42 entitled, "An Economic Appraisal of Farming Adjustment Opportunities in the Southern Region to Meet Changing Conditions." This report's delineations are based on such characteristics as predominant soil units, irrigation water availability and farm size.

PERU—MARKET AND COMPETITOR FOR U.S. FARM PRODUCTS. H. L. Hall, Foreign Regional Analysis Division. ERS-For. 157.

Peru increased the value of its agricultural and fishery exports from \$158 million in 1956 to \$385 million in 1964. During that period, the value of Peru's farm product imports expanded from \$54 million to \$98 million. The country is expected to continue as a growing market for U.S. agricultural products.

RECREATION FACILITIES AND SERVICES OPERATED BY FHA BORROWERS. J. M. Huff and H. A. Johnson, Natural Resource Economics Division. ERS-294.

Farmers Home Administration (FHA) borrowers with financial assistance specifically for the development of recreational projects offered a larger variety of recreational facilities and earned larger incomes than those borrowers who developed recreational enterprises independent of FHA financial assistance.

THE CHANGED MARKET FOR U.S. CIGAR LEAF TOBACCO. C. L. Hendrickson, Marketing Economics Division. ERS-292.

Two main advances in cigar manufacturing in the last decade have been the increased use of short filler in cigars and the development of reconstituted tobacco sheet. Both have substantially reduced labor costs in the production of cigars and have also made the use of tobacco in cigars more efficient.

AN INVENTORY OF LAND AND SOIL RESOURCES IN PENNSYLVANIA. K. H. Myers, Farm Production Economics Division, and R. H. McAlexander, Pennsylvania State University. Pa. State Univ. A.E. and R.S. 50.

The main purpose of this report is to provide detailed information on type and quality of land in Pennsylvania. Data are presented to show acreages of land by soil groups, slope and degree of erosion and by land use.

THE GRAIN-LIVESTOCK ECONOMY OF THE EUROPEAN ECONOMIC COMMUNITY: A HISTORICAL REVIEW, 1951-63. L. P. Schertz, Foreign Development and Trade Division. FAER-31.

During most of 1951-63, the gap between production and consumption of meats in EEC countries was modest. Historically the EEC has been deficit in grains—in the most recent decade the annual deficit has been around 9.5 to 10.5 million metric tons. In 1963, U.S. sales of grain and products to the Community totaled about \$360 million.

USES OF AGRICULTURAL MACHINERY IN 1964. P. E. Strickler and H. V. Smith, Farm Production Economics Division, and W. H. Walther, Statistical Reporting Service. Stat. Bul. 377.

This report is based on information supplied by crop reporters of the Statistical Reporting Service and presents data for 1964. These reporters supplied the information on custom and exchange work for their farm operations.

AN ECONOMIC ANALYSIS OF ALTERNATIVE BEEF CATTLE SYSTEMS FOR A LARGE FARM IN CENTRAL MISSOURI. R. E. Laughlin, A. R. Hagan, and J. P. Doll, University of Missouri in cooperation with the Farm Production Economics Division. Mo. Agri. Expt. Sta. Res. Bul. 895.

The different plans presented in this bulletin permit a comparison of beef cattle systems

commonly found on Missouri farms. It is presumed that managers normally select crop and livestock systems most compatible with their ability, experience and preference. Regardless of the system preferred, a manager should be aware of the possible net farm income from other systems feasible for his farm.

USES OF AIRPHOTOS FOR RURAL AND URBAN PLANNING. J. M. Davis, Natural Resource Economics Division. Agri. Handbook 315.

Used properly, airphotos can help planners save both time and money, improve the accuracy of their work and help them explain to the public the problems of change.

THE FAR EAST AND OCEANIA AGRICULTURAL SITUATION: MIDYEAR REVIEW. Far East Branch, Foreign Regional Analysis Division. ERS-For. 162.

1966 food imports by countries of East and South Asia are at record levels. India's 1965 drought and consequent shortfall in food production was a major factor in expanded imports.

COSTS AND RETURNS ON COMMERCIAL FARMS, LONG-TERM STUDY, 1954-63. W. D. Goodsell and I. Jenkins, Farm Production Economics Division. Stat. Bul. 368.

This statistical report gives summary estimates of costs and returns and related data for 42 important types and sizes of commercial farms in 24 major farming areas in the United States.

Numbers in parentheses at end of stories refer to sources listed below:

1. R. D. Krenz (SM); 2. W. H. Scofield (SM); 3. R. D. Krenz (SM); 4. N. D. Kimball, Costs and Returns for Large Wisconsin Dairy Herds, Wisc. Agri. Expt. Sta. Bul. 579 (P*); 5. T. Mullins, Production Requirements and Estimated Costs and Returns for Rice and Beef Cattle Under Alternative Rotation Programs in the Coast Prairie, Texas, Tex. Agr. Expt. Sta. MP-801 (P*); 6. J. L. Pearson and T. G. Brown, Fruits and Vegetables for the Delta: The Economic Feasibility of Commercial Fruit and Vegetable Production and Processing in the Missouri Delta, Mo. Agri. Expt. Sta. Spec. Rpt. 69 (P*); 7. L. D. Bender and V. J. Rhodes (SM); 8. D. D. Badger, W. Payne and N. R. Cook, Taming the Wildhorse: An Appraisal of the Upstream Flood Protection Program, Okla. Agr. Expt. Sta. (M*); 9. A. G. Mathis, Future Trends in the Dairy Industry (S); 10. C. A. Wilmot

and H. Watson, Power Requirements and Costs for High-Capacity Cotton Gins (M); 11. H. T. Badger (SM); 12. Western Hemisphere Branch, Summary and Evaluation of Jamaica, Trinidad and Tobago, Leeward Islands, Windward Islands, Barbados, and British Guiana, ERS-For. 148 (P); 13. R. L. Tontz (SM); 14. G. R. Edwards and G. W. Abbott, The Agricultural Economy of Finland (M); 15. Foreign Regional Analysis Division (SM); 16. National Food Situation, NFS-117 (P); 17. National Food Situation, NFS-115 (P); 18. Livestock and Meat Situation, LMS-148 (P); 19. K. H. Myers, Facts for Prospective Farmers, Farmers' Bul. 2221 (P).

*Speech (S); published report (P); unpublished manuscript (M); special material (SM); *State publications may be obtained only by writing to the experiment station or university cited.*

J M GWYNN
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For a single free copy, write to the Farm Index, Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D.C. 20250. (19)

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The contents of this magazine are based largely on research of the Economic Research Service and on material developed in cooperation with state agricultural experiment stations. All articles may be reprinted without permission. For information about the contents, write the editor, the Farm Index, Office of Management Services, U.S. Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication approved by the Director of the Bureau of the Budget, May 24, 1962. Subscription orders should be sent to the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402. Price 20 cents (single copy). Subscription price: \$2.00 per year; 75 cents additional for foreign mailing.

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